



# *FedFin Daily Briefing*

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Monday, September 13, 2021

## **Gensler Presages Renewed Push-Out Battle Over Bank Securities Regulation**

In his [testimony](#) ahead of his first Senate Banking appearance as SEC chairman, Gary Gensler added several new market-structure integrity and transparency issues to the Commission's already-formidable to-do list, announcing a review of the non-Treasury fixed-income market. No details on any specific targets are provided, although this agenda and work underway to address the Treasury market may result in SEC-registration requirements for primary dealers and large traders in and out of the Treasury market. This effort along with any like-kind one for other segments of the fixed-income market would renew the longstanding "push-out" battle between the SEC and FRB over the extent to which the Commission governs securities activities housed in banking organizations. Mr. Gensler also said that equity-market rules should also be "freshened up," especially with regard to market-maker competitiveness and efficiency and conflicts of interest such as payment for order flow. And, as Mr. Gensler has [said before](#), work is well under way on cryptoasset markets, reiterating the need for an array of investment protections. The Commission is also focusing on how predictive analytics alter markets (here focusing on discrimination and systemic risk), market transparency (e.g., for climate risk, China, and diversity) and corporate-insider trading. We will provide clients with an in-depth report on this hearing, one sure to feature push-back from Sen. Toomey (R-PA) on SEC jurisdiction in an array of areas and push-forward from Sen. Warren (D-MA) on crypto regulation and numerous other issues highlighted by the SEC chair.

## **Recent Files Available for Downloading**

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The following reports and analyses have been sent to retainer clients recently. Copies are also available to retainer clients on the Archives section of Federal Financial Analytics' website: [www.fedfin.com](http://www.fedfin.com) or clients may obtain the reports/analyses by e-mailing [info@fedfin.com](mailto:info@fedfin.com) giving the requested item name, firm, and e-mail address. To learn more about *GSE Activity Reports*, click [here](#).

- [GSE-091021](#): Soaring house prices have of course aroused lofty housing-bubble worries.
- [GSE-090821](#): As Karen Petrou's [Monday memo](#) forecast, FHFA is doubling down on an already-ambitious work plan to make Fannie and Freddie the epitome of mortgage-finance equity.
- [SBA40](#): Turning again to a provision in the 2010 Dodd-Frank Act, the Bureau of Consumer Financial Protection has issued a sweeping proposal to implement small-business and small-farm lending disclosure requirements akin to those long required under the Home Mortgage Disclosure Act (HMDA).
- [GSE-090121](#): A [major paper](#) delivered at last week's Jackson Hole Fed meeting shows – we think conclusively – that it's not demographics that keep interest rates so, so low, but wealth inequality.
- [OVERDRAFT10](#): Senior Senate Democrats have proposed legislation that would sharply restrict most transaction-account overdraft fees to the point of likely eliminating them for most consumers at most depository institutions.
- [GREEN10](#): House Democrats are considering legislation to mandate a punitive capital construct for bank and, in some cases, also to certain nonbank exposures to companies with fossil-fuel links.
- [GREEN9](#): Legislation from House and Senate Democrats would force the Federal Reserve quickly to implement mandatory stress testing for all large banking organizations and large nonbanks judged by

asset size if they are principally engaged in finance.

- **[GSE-090121](#)**: A [major paper](#) delivered at last week's Jackson Hole Fed meeting shows – we think conclusively – that it's not demographics that keep interest rates so, so low, but wealth inequality.
- **[GSE-082321](#)**: In this in-depth report, we build on our [preliminary analysis](#) of the CFPB's latest HMDA-data assessment. As we noted on Thursday, the agency chose to highlight its totally-unsurprising finding that the mortgage market was hot, hot, hot in 2020.
- **[ACCESS3](#)**: Although states and localities continue to ban merchants from refusing to accept cash, federal legislation is also pending to create a nationwide ban on such practices and govern how cash must be accepted to enhance equality without facilitating money laundering.
- **[GSE-081821](#)**: As we anticipated when Sandra Thompson [took over](#), FHFA's [newly-proposed approach](#) to the GSEs' affordable-housing goals tackles longstanding criticism that the old measurement criteria promoted gentrification.
- **[PREEMPT38](#)**: The chairmen of the Senate Armed Services and Banking Committees, together with many Democratic colleagues, have introduced legislation to extend the interest-rate ceilings in the Military Lending Act (MLA) to all consumers.