



Friday, October 8, 2021

## Comment Date Set for Controversial Small Business Lending Disclosures NPR

The *Federal Register* [today](#) includes the CFPB's small business lending data collection proposal ([see FSM Report SBA40](#)), with comments now due January 6. As noted in our in-depth report, it would require HMDA-like disclosures from bank, nonbank, and even government lenders regarding loans to small businesses, defined largely according to SBA's definition but limited only to businesses that have less than \$5 million per year in gross revenue. Required disclosures would include the type of credit, loan terms, credit purpose, applicant demographics, business models, denial reasons, and, for some loans, pricing.

## BIS Highlights Data Risk due to DeFi, AI, HFT

The head of the BIS Innovation Hub, Benoît Cœuré, last night [focused](#) not only on the structural and systemic risks posed by DeFi and bigtech, but also emerging supervisory threat. Noting that AI and bigtech essentially use data instead of collateral, he said that this poses an array of risks to privacy, personal-data rights, and transparency. Credit risk also increases, especially since these data are often at least one quarter old. In high-frequency trading and similar systems, data are only a nanosecond old, but this nonetheless also poses an array of market and stability risks. The Innovation Hub is thus working with ISDA and others to create integrated data systems that interface with key supervisors. Work is also fast underway to determine how best to aggregate data not just from banks, but also critical nonbanks such as asset managers, with an initial platform focused on a particularly worrisome sector: foreign exchange. As we will note shortly, the FSB today has also heightened its focus on aggregate-data reporting.

## G20 Data Gaps Initiative Comes Up Short

With recent blow-ups such as Archegos and Evergrande heightening regulatory concerns about aggregate exposures, the FSB and IMF [today](#) issued their sixth progress report on the G20 Data Gaps Initiative. Although significant progress has been made, the pandemic challenged completion of the second phase by year-end. Outstanding actions address SFT data, institutional sectoral accounts, household distributional information, data on general government debt and operations, and CPPI. A final report will be issued in early 2022, identifying any still-unfinished work and what should be done, with regulators clearly reconciled to yet another unfinished initiative while the pandemic continues. Work is also planned on data gaps related to climate change, fintech, financial inclusion, access to private sources of data, administrative data, data sharing, and (yet again) household distributional information.

## 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](#).

- **MERGER8:** Progressive Democrats in the House and Senate have introduced legislation demanding an array of new decision factors governing bank M&A transactions and new or even revised BHC activities.
- **INVESTOR19:** As [anticipated](#), today's HFSC hearing with SEC Chair Gensler covered the full SEC agenda, although members steered clear of the SEC investigation demanded by Sen. Warren (D-MA)

into recent Fed trading.

- **CBDC8:** As we [noted](#) last week, the BIS and seven major central banks have advanced global CBDC policy with three new reports evaluating key design features.
- **GSE-093021a:** Now that we have FHFA's comment deadline – November 26 – we expand our [initial analysis](#) of FHFA's capital rewrite into a more detailed assessment of its strategic impact.
- **REFORM209:** In very sharp contrast to the Senate Banking session on Tuesday with Chairman Powell and Secretary Yellen ([see Client Report REFORM208](#)), today's HFSC session was largely devoted to partisan wrangling over monetary policy, the debt ceiling, and the Biden Administration's overall fiscal policy.
- **GSE-093021:** Late yesterday, Senate Banking Ranking Member Toomey sent letters [to Secretary Yellen](#) and FHFA [Acting Director Thompson](#) strongly protesting the [PSPA rewrite](#) and [pending capital proposal](#).
- **MERGER7:** In a wide-ranging hearing today, HFSC's Consumer Protection and Financial Institutions Subcommittee showed the extent to which Chairwoman Waters (D-CA) and progressive Democrats are wary of large-bank mergers.
- **REFORM208:** Although today's Senate Banking hearing with Chairman Powell and Secretary Yellen was largely taken up by the debt ceiling, Sen. Warren (D-MA) made it very clear that progressives will mount an aggressive campaign against Mr. Powell, calling him a "dangerous" man.
- **GSE-092421:** According to a group of Senate Democrats, the answer to this question for a new class of federally-backed mortgages is "out of debt."
- **GSE-092221:** Getting a bit ahead of FHFA's new [equitable-finance mandate and its express demand for appraisal equity](#), Freddie Mac has released a detailed [study](#) of one of the most significant barriers to housing-finance equity: discriminatory appraisal practices that reduce the chances for wealth accumulation.
- **DATA2:** Today's HFSC Fintech Task Force Hearing featured an appearance by Full Committee Chairwoman Waters (D-CA) arguing against consumer opt-out.
- **PUSH-OUT14:** As [we noted](#), SEC Chairman Gensler's written Senate Banking [testimony](#) included a short – but very significant – statement prioritizing Commission review of key fixed-income market sectors.
- **GSE-091621:** As [we noted](#), FHFA wasted no time after the [PSPA revision](#) with its proposed changes to GSE capital [regulation](#).
- **GSE-091521:** As noted [yesterday](#), Treasury and the FHFA pulled the Trump PSPA's plug, although importantly and widely overlooked is that this is true only when it comes to near-term asset-purchase considerations.
- **INVESTOR18:** As is often the case, Senate Banking's hearing today with SEC Chairman Gensler did not touch on the fixed-income structure questions highlighted in his [written testimony](#) even though these could be among the most consequential for long-term capital-market regulation and the balance between the Fed and SEC in this key arena.