



## Federal Financial Analytics, Inc.

### THE "DANGEROUS MAN" AND HIS RULEBOOK

Following Karen Petrou's [comments](#) to the *New York Times*, we answer more of your questions about the future of Fed financial regulation.

The analytics below are based on in-depth reports provided to FedFin clients.  
To learn more, contact us at [info@fedfin.com](mailto:info@fedfin.com)

Follow us on



With her inestimable knack for headline-grabbing phrases, Sen. Elizabeth Warren (D-MA) capitalized debate over Jerome Powell's second term when [she recently told him](#) that he was a "dangerous man." Asked [about this](#) by the *New York Times*, FedFin Managing Partner Karen Petrou found herself squarely between a long-time critic of the Fed and another respected academic who said little had changed since Mr. Powell took power over the big-bank rulebook. Karen agreed that the thrust of rules is more or less as Dodd-Frank demanded, but went on to say that a stout big-bank rulebook does not ensure a sound, resilient U.S. financial system.

Next up is President Biden's decision about Mr. Powell and then Congressional action not only on the next Fed chair, but also the Fed's vice chair for supervision, other Governors, and the next Comptroller of the Currency. As [we've noted](#), all of these nominations are inextricably linked together in a complex political equation with uncertain consequences for all involved.

What isn't uncertain is that – regardless of who gets which post in 2022 – the construct of U.S. financial regulation has changed in largely irrevocable ways. Key recent developments include:

- a [new political construct](#) for large-bank merger, acquisition, and expansion;
- a new U.S. housing-finance framework focused on expanded GSEs, equitable finance, and tough Ginnie Mae eligibility standards;
- *de facto* decisions in favor of a U.S. [central bank digital currency](#); and
- imposition of [bank-like standards](#) for systemic stablecoins with or seeking access to the payment system.

FedFin is apprising clients on each of these developments and how they affect near-term strategic decisions. We're also assessing:

- how MMF and open-end funds will be redesigned;
- realignment of big-bank capital rules not only to implement Basel's latest standards, but also to deal with cryptoassets and the supplemental leverage ratio;
- the extent to which the "tailoring" construct will be recut for the largest U.S. regional banks;
- when new SEC climate-risk disclosures will be supplemented with big-bank climate-risk supervisory standards, stress tests and even capital requirements;

- how the CFPB's latest proposal will redefine small-business lending; and
- how federal bank regulators will use their powers over bank third-party vendors to lay out a new, tough set of *de facto* consumer-protection and safety-and-soundness standards for fintech and cryptoassets.

To learn more about Karen Petrou's book, *Engine of Inequality: The Fed and the Future of Wealth in America*, click [here](#)

Karen Petrou's latest column can be found [here](#)

To read Karen Petrou's latest speech, click [here](#)

To read our latest in-depth non-proprietary report, click [here](#)

[Unsubscribe](#)

**Federal Financial Analytics, Inc.**

2101 L Street, NW – Suite 300

Washington, DC 20037

Phone: 202.589.0880

[www.fedfin.com](http://www.fedfin.com)

A proprietary think-tank for its clients, Federal Financial Analytics reviews critical federal and global policy developments in banking, insurance, asset management, and mortgage finance. We analyze strategic actions in great depth. Then, we advise clients on whether what they want can be made to work for them, within the policy environment and for the financial system. The firm's practice is a unique blend of strategic advice and policy analysis serving as a thought leadership resource for boards of directors and senior management seeking a forward looking assessment of risks, opportunities, governance and other matters critical to success.

© 2021. Federal Financial Analytics, Inc. All rights reserved.