



Friday, December 3, 2021

OCC Presages Additional Climate-Risk Guidance

Although it intends to issue [climate-risk guidance](#) for big banks by year-end, the OCC [today](#) also solicited academic papers and policy research on climate risk in banking and finance for a June 2022 meeting. The scope of the inquiry suggests that the agency is exploring an array of matters well beyond its near-term guidance that may well cover all federal charters, but timing also suggests that these more sweeping requirements will be considered in the second half of 2022. Submissions are specifically requested on physical and transition risks, climate's impact on different communities, climate risk modeling and stress testing, and ESG ratings and regulatory reliance; these are due March 11.

Gensler Expands on Crypto Risk, GSE Status

Although Senate Banking Ranking Member Toomey (R-PA) thought his answers inadequate, SEC Chairman Gensler's response to a series of [questions](#) sheds light on the SEC's continuing plans to cast a wide regulatory and enforcement net over cryptography. In addition to expanding on Mr. Gensler's prior comments about when cryptoassets constitute securities ([see Client Report INVESTOR19](#)) and repeating support for the PWG stablecoin report ([see Client Report CRYPTO21](#)), the responses stipulate that the Commission will look at a transaction's "economic reality" – not label – to determine its jurisdiction and any subsequent enforcement. The SEC chairman also calls again for statutory clarity to ensure that cryptography products do not fall "between the cracks," specifically citing the need for additional SEC authority over crypto trading and lending platforms along with intermediaries. The letter also asks a new question: with the fact that FHFA's [resolution standards](#) stipulate the risk of loss, why the SEC does not bar MMFs and other holders from treating agency MBS as Treasury equivalents. Mr. Gensler responded that the Commission allows this due to definitions expressly stipulated in law, but may consider the matter as questions arise. We will shortly provide an in-depth analysis of this issue.

Recent Files Available for Downloading

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 or clients may obtain the reports/analyses by e-mailing info@fedfin.com giving the requested item name, firm, and e-mail address. To learn more about *GSE Activity Reports*, click [here](#).

- [GSE-120221](#): Two recent studies add fuel to the fire we first spotted [late last year](#): demands for ARMs that only go down.
- [FEDERALRESERVE65](#): Continuing the partisan and often-acrimonious tone of the Senate Banking hearing ([see Client Report FEDERALRESERVE64](#)), HFSC today heard from Chairman Powell and Secretary Yellen.
- [CRYPTO22](#): Although the OCC joined other agencies issuing a non-committal "roadmap" for future cryptography actions, the agency at the same time and far more decisively stated that crypto activities are permissible only if they are also safe and sound.
- [FEDERALRESERVE64](#): Most of the news at today's Senate Banking hearing revolves around Chairman Powell's concession that inflation may not be transitory and economic growth is now so robust that quantitative tightening might proceed more quickly than planned, pandemic permitting.
- [GSE-113021](#): Unsurprisingly, [FHFA today raised](#) the GSEs' conforming loan limit to about \$647,000 and

the high-cost limit to nearly \$1 million.

- **GSE-112421**: Because FHFA tends to take its cue from both the Basel Committee on Banking Supervision and its U.S. cousins, we here drill down to look at the housing-finance implications of the proposed global framework we assessed in a [recent in-depth report](#).
- **CLIMATE12**: Following the UN's COP26 climate-risk summit, the Basel Committee has proposed high-level principles guiding risk management and supervision related to both physical and transition climate risk.
- **REFORM210**: [As expected](#), today's hearing with Comptroller-nominee Saule Omarova included an unprecedented amount of fireworks for what is normally a low profile appointment.
- **FAIRLEND10**: The CFPB has followed a study earlier this year finding significant mortgage product and price discrepancies based on race or ethnicity with a request for input (RFI) on the HMDA data on which the study was based.
- **GSE-111721a**: FHFA's [new scoring system](#) for the GSEs and CSS is a startling, if unsurprising, mission rewrite.
- **GSE-111721**: As [noted](#) yesterday, the CFPB has opened its HMDA rules to a raft of changes
- **GSE-111521**: As we [noted on Wednesday](#), the CFPB highlighted Director Chopra's competition focus when it joined other agencies [renewing](#) their mortgage-servicing supervisory and enforcement standards.
- **GSE-111221**: As [Mark Calabria made clear earlier this year](#), reform of the Treasury market has direct, major impact on that for agency debt and MBS.
- **TMARKET2**: In this report, we build on [our initial analysis](#) of Monday's [report](#) from the Inter-Agency Working Group on Treasury Market Surveillance (IAWG).
- **SYSTEMIC92**: Late yesterday, the Federal Reserve [released](#) its most recent financial-stability report. As in its predecessor earlier this year ([see Client Report SYSTEMIC91](#)), this report takes a cautious view, counting on continuing bank resilience to counteract old worries, such as asset-price bubbles, along with containing at least some new fears.
- **CRYPTO21**: As [noted yesterday](#), the President's Working Group on Financial Markets (PWG) was joined by the OCC and FDIC yesterday issuing a report calling for prompt Congressional action to regulate stablecoins and, even in its absence, also for fast action by federal regulators and the FSOC.