



Monday, December 6, 2021

BIS Tackles NBF-Reform Specifics

Building on the FSB's NBF priority focus, BIS Managing Director Agustín Carstens [today](#) reiterated his call for both entity- and activity-based standards for systemic-scale nonbanks. We will shortly provide clients with in-depth analyses of new policy papers from the BIS focusing on DeFi, open-end funds, and other NBF targets, with Mr. Carsten's forward to the [BIS quarterly review](#) urging rapid action on stablecoins along lines outlined recently by the PWG ([see Client Report CRYPTO21](#)) and on hedge, and similar funds to address risks recently highlighted by the Federal Reserve ([see Client Report SYSTEMIC91](#)). Arguing that central-bank liquidity facilities are now the principal -- and problematic -- line of systemic defense, Mr. Carsten calls for better data and an array of shock-absorbers to be housed at NBFs -- not just banks -- and quick refilling of the regulatory gaps detailed in the BIS's new papers.

White House Emphasizes Anti-Corruption Commitments

In connection with the President's democracy summit, the White House today [issued a fact sheet](#) laying out a reinvigorated version of the President's [prior anti-corruption commitment](#). In addition to a [new FinCEN effort addressing](#) shell corporations and other problematic residential and commercial real-estate transactions, the effort includes renewed emphasis on the need for beneficial-ownership regulation implementing hard-fought new law ([see FSM Report AML134](#)). However, in remarks accompanying this announcement, Deputy Treasury Secretary Wally [announced](#) only continuing to commitment to tough rules, not any deadline or timing for them. He did, however, indicate that work continues, citing Treasury's expectation that FinCEN's rules will cost filers no more than \$50. The President's efforts otherwise include ramped-up transnational and law-enforcement efforts.

OCC Outlines Climate-Risk Agenda

The OCC's semi-annual risk report [today](#) includes a new section on the agency's climate-risk plans. As anticipated, the OCC in the near-term will build out large-bank risk-management standards based on Basel's new principles ([See FSM Report CLIMATE12](#)), but these will be only the agency's "first step." In 2022, it plans to finalize these large-bank standards and develop more advanced ones addressed specifically to physical and transition risk. Following this work and more study in part based on papers received [following the recent invitation](#), the OCC then plans still more supervisory and perhaps regulatory work but provides no indication now of what is to come beyond another report in the first half of 2022. The report otherwise has little new from one [earlier this year](#), with the agency again finding both national banks and the sector resilient despite an array of ongoing challenges including elevated operational risk due in part to cybersecurity risk.

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-120621](#): As we noted on [Friday](#), Senate Banking Ranking Member Toomey asked SEC Chairman Gary Gensler a trick question about GSE [obligations](#) at the very end of a lengthy letter focused principally on cryptography.

- [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.