



Monday, December 27, 2021

## Thompson Reiterates Need for Climate-Risk Reduction

Acting FHFA Director Thompson [today](#) reiterated her near-term climate-risk agenda initially noted when FSOC put out its report ([see Client Report GREEN11](#)). There is nothing substantively new in today's statement, suggesting that it may be part of positioning Ms. Thompson ahead of confirmation hearings early in the new year. However, she does highlight that the new [FHFA scorecard](#) released after FSOC's report holds the Enterprises accountable for ensuring climate-risk resilience.

## Comment Date Set for FHFA SCB Proposal

The *Federal Register* [today](#) includes FHFA's proposed capital plan and stress capital buffer (SCB) for Fannie and Freddie, with comment now due February 25. As [previously noted](#), FHFA proposes an SCB akin in some ways to that for the big banks set at a different threshold: 0.75 percent for the GSEs versus the 2.5 percent buffer for big banks. The proposed SCB would also stress overall capitalization, whereas the bank SCB is largely risk-based.

## 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-122721](#): Late last week, the NCUA put a small addition into the Christmas stockings already stuffed by the regulator over the past few months with numerous regulatory liberalizations.
- [MERGER10](#): Just days after the FDIC chair refused to advance a request for comment on bank-merger policy, the Department of Justice released one signaling agreement with many of the concerns Democrats aired in concert with the RFI.
- [GSE-122021](#): As [noted](#) on Friday, the Biden Administration's first FSOC systemic-risk hit list reiterates Trump Administration fears about [nonbank mortgage companies](#).
- [GSE-121721](#): As [noted](#) on Thursday, FHFA continues to tread carefully through the big-bank rulebook, adopting standards said to be like-kind that aren't quite so similar when it comes to critical details.
- [MERGER9](#): Released in a highly-controversial fashion (see below) by two Democrats on the FDIC's board, this RFI posits the need for a significant review of mergers involving insured depository institutions (IDIs) due to many changes in the financial industry and, so it says, the lack of substantive competitive analysis over past decades even of the largest transactions.
- [GSE-121521](#): Although there were signs [earlier this year](#) that the QRM risk-retention exemption might get a long-delayed overhaul, the agencies [yesterday](#) ducked any decisions.
- [GSE-120921](#): On Tuesday, [HUD](#) and the [CFPB](#) opened the door to [special-purpose mortgage finance](#). Now, we expect FHFA to use this safe harbor to mandate express GSE equitable-finance programs and for banks to take much of what's left in all their commitments after George Floyd's murder and turn it into mortgage and other community-finance products.
- [CRYPTO23](#): As [anticipated](#), today's HFSC hearing was a marathon session at which industry witnesses defended their business model, Republicans liked it fine, and Democrats worried about a wide array of

policy challenges.

- [COVEREDFUNDS3](#): The OCC is "clarifying," but also in many respects rescinding one aspect of controversial 2020 rules expanding the "covered funds" under which banks may make equity investments as provided by the Volcker Rule.
- [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.