



Wednesday, January 19, 2022

## **GOP Signals Congressional CBDC Strategy**

Although the bill will not pass in this Congress, we draw client attention to H.R. 6415, legislation just now noted in the Congressional Record to bar the FRB from offering the "FedAccounts" Democrats espouse ([see FSM Report CBDC](#)). The Emmer (R-MN) bill does not bar CBDC per se, but it does bar the Federal Reserve from a retail-customer facing role, a move Rep. Emmer believes would lead to CBDC that preserves the dollar as reserve currency without giving the Fed undue control over customer data or the financial system. By inference, the bill would create the legal authority for a wholesale CBDC, but this is clearly not its intent; the FRB will in any case seek more clear legal authority for a CBDC of whatever construct it may choose should it indeed choose to offer CBDC after the long-delayed discussion draft is released and comments on it are reviewed. To the extent this process pushes CBDC in 2023 -- as seems likely -- and if Republicans then control the Congress -- clearly possible -- measures such as H.R. 6415 will gain considerably more clout.

## **OCC Grants Non-Traditional Charter Conditions on BHC Status**

After close of business yesterday, the [OCC](#) gave conditional approval to SoFi's acquisition of an insured depository and thus to its charter now as a full-service national bank. The approval signals not only that the OCC will approve acquisitions and continue to charter national banks even in non-traditional cases, but also that the moratorium on [crypto charters](#) remains in full force. Although the company won its bank charter, the new national bank is barred from cryptoasset activities without express OCC approval. The new \$5.3 billion bank will be digital-only and offer banking services across the U.S., as long as none of these activities relate to cryptography. SoFi at the parent-company level has applied to become a BHC, with the OCC's approval of the bank conditioned on Fed approval of the holding company to ensure consolidated regulation across the enterprise that would cover the parent company's current crypto-trading operations should the Fed approve of them. Acting Comptroller Hsu's statement accompanying the approval stressed the importance not only of consolidated regulation, but also application of the CRA to the new enterprise and the OCC's commitment to ensure that the bank's financial services are fairly provided.

## **Senate Banking Split on Several Key Nominations**

The Senate Banking Committee [today](#) voted on several key Biden Administration nominees without taking up any of the pending Fed appointments. The narrowness of several votes makes it clear that, as we anticipated ([see Client Report FEDERALRESERVE66](#)), controversial appointments such as Sarah Bloom Raskin and Lael Brainard have uncertain futures. At today's voting, Reta Jo Lewis was advanced to be President of the Export-Import Bank by a vote of 13-11, and Todd M. Harper was advanced to be an NCUA Member and then chairman by a vote of 17-7. The votes for Arthur Jemison as an Assistant Secretary of Housing and Urban Development, Julia Gordon as FHA Administrator, David Uejio as an Assistant Secretary of Housing and Urban Development, and Solomon Greene as an Assistant Secretary of Housing and Urban Development were tied but will still be brought to the Senate floor by Chairman Brown (D-OH) if possible.

Nominees for the remaining positions -- all relatively minor -- were advanced by voice vote.

## **Large Banks Lead on D&I, CFPB Study Finds**

The CFPB [today](#) released a report analyzing publicly-available FY2020 diversity and inclusion data for depository and nondepository institutions, putting forward a series of best practice recommendations. For large institutions, the CFPB's recommendations primarily focused on expanding practices such as designating D&I leaders, publishing recruiting events and awards focused on diversity, breaking down diversity metrics by workplace level, and highlighting workforce development programs and supplier diversity. For mid-sized institutions, recommendations include publicizing leadership commitments, diversifying recruiting measures, publishing D&I metrics and workforce-development programs. For small

institutions with little public information, the Bureau urges publishing leadership, expanded value, career and supplier diversity statements. In general, larger depository institutions outperformed nonbanks and smaller institutions in their D&I efforts.

## 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-011422](#): As noted in our in-depth analysis of Acting FHFA Director Thompson's confirmation hearing, it's clear that Democrats and Republicans are thinking hard about resurrecting statutory changes to the GSEs' charters.
- [FEDERALRESERVE68](#): At today's confirmation hearing, Gov. Brainard took a lot of the heat on inflation. Republicans only mildly mentioned during Mr. Powell's Tuesday confirmation hearing ([see Client Report FEDERALRESERVE67](#)).
- [REFORM211](#): As promised, FedFin begins our 2022 forecasts with this in-depth report on bank regulation.
- [FEDERALRESERVE67](#): As promised yesterday ([see Client Report FEDERALRESERVE66](#)), we listened closely today to gauge the extent to which Chairman Powell faces a serious challenge to reconfirmation.
- [FEDERALRESERVE66](#): Many of you have asked us to forecast key policy implications ahead of two high-powered hearings this week considering President Biden's top Fed nominees.
- [GREEN12](#): Issuing the first formal U.S. climate-risk proposal, the OCC is seeking comments on high-level risk-management principles to set the context for additional, more binding action governing larger U.S. banking organizations.
- [GSE-010322](#): New [economic commentary](#) from the Federal Reserve Bank of Cleveland assesses several recent studies on homeownership from an investment perspective.
- [MMF19](#): In the wake of noncommittal statements from global regulators on ways to address money-market fund systemic risk, the Securities and Exchange Commission has proposed sweeping changes to the 2014 standards adopted after the 2008 crisis.
- [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.