



FedFin Daily Briefing

Wednesday, March 9, 2022

President Presses Crypto, CBDC Buttons

We will shortly provide clients with an in-depth analysis of President Biden's [executive order](#) setting the stage for substantive U.S. action across the digital-asset sector. We note at the outset that, according to the [fact sheet](#), the order comes as close to demanding a CBDC as the President's authority over the Fed and Secretary Yellen's reservations doubtless allowed. The Fed is told to "place urgency" on its research, a demand likely to motivate the Fed to accelerate the very leisurely pace towards some sort of CBDC decision described in last month's discussion draft ([see FSM Report CBDC10](#)).

More generally, the President follows the same course here as with climate risk, ordering an FSOC study rather than stipulating its results. However, as in that effort, a raft of new priorities -- most notably on equitable financial access -- appears likely to accelerate action by the Federal Reserve's payment-system task force and CFPB, with the latter likely adding an EFTA rewrite to its pro-competition initiatives along with expanding its [focus on tech-platform companies](#). We also expect Treasury to speed consideration of the competition implications of technology-driven finance given the inextricable relationship between digital assets and these new business models. Legislation to implement some of the PWG's stablecoin recommendations ([see Client Report CRYPTO25](#)) is also close to formal introduction and action in the House, although we remain skeptical that a final measure will be enacted in this Congress unless a clearly bipartisan package can be constructed in both the House and Senate.

Long-Awaited LIBOR-Certainty Bill Set for Enactment

Sen. John Tester (D-MN) [today](#) to ABA indicated that the Senate version of House-passed LIBOR-transition legislation is in the omnibus spending bill set to pass by the end of this week in order to keep the government open. As we noted upon [introduction](#), the measure differs from the House-passed bill ([see FSM Report LIBOR6](#)) by making it still more clear that only legacy contracts are covered by automatic benchmark replacements under a new Fed-dictated rate-setting construct. We will shortly provide clients with an in-depth analysis of the final measure, which affords a federal, preemptive framework covering as many as \$2 trillion of outstanding contracts on which non-LIBOR rates do not apply.

CFPB Targets Employer Financial Products, Data

The CFPB [today detailed](#) its agenda following meetings on the extent to which U.S. workers are placed at financial risk by their employers. The Bureau has concluded that increasingly common employer practices such as training repayment agreements pose significant harm. It thus plans to investigate whether these are predatory practices and then determine if enforcement or regulatory action is warranted. Workers also cited undue surveillance and inappropriate use of personal data, with the CFPB concluding that there is an unprecedented "market of buying and selling worker data" warranting FCRA review and, perhaps, Bureau intervention following continuing engagement with workers and labor organizations.

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](#).

- [PAYMENT24](#): Following considerable controversy surrounding how Federal Reserve Banks grant

master accounts, the FRB has proposed a somewhat more explicit set of guidelines than provided in its initial notice seeking views on expanding payment-system access.

- **CRYPTO26:** We follow our initial client alert here with an in-depth analysis of President Biden's long-awaited [executive order](#) laying down steps intended quickly to construct a U.S. digital-asset policy construct.
- **GSE-030722:** A new Urban Institute study suggests that banks are more likely to discriminate when it comes to minority borrowers, heightening concerns at a time with increased political risk related to racial equity and mortgage finance.
- **GSE-030122:** As we noted late [last week](#), FHFA has finalized revisions to its [2020 capital rule](#) that most importantly lighten the GSEs' capital load and reinvigorate credit risk transfer.
- **GSE-022822:** Responding to continuing FSOC complaints about [nonbank servicers](#), FHFA has proposed [new seller-servicer eligibility standards](#) that crack down hard on any nonbank servicer whose size evokes systemic qualms.
- **SANCTION16:** In this report, we address many of the questions we've received about U.S. policy in the wake of Russia's invasion into Ukraine.
- **GSE-022422:** As noted late [yesterday](#), the CFPB has gotten a jump on FHFA and the banking agencies with the first step towards a long-delayed AVM rule demanded in the [Dodd-Frank Act](#).
- **CRYPTO25:** Despite fierce partisan fighting over pending Fed nominations, today's Senate Banking hearing on stablecoin regulation was considerably more bipartisan than last week's HFSC session ([see Client Report CRYPTO24](#)).
- **GSE-021022:** Moving far ahead of the banking agencies [AI](#), FHFA [today](#) released a series of supervisory AI/ML standards for Fannie, Freddie, and CSS, perhaps leaving the FHLBs alone because none so far does much within this arena or nobody cared.
- **GSE-020922:** Continuing her very different vision of Fannie and Freddie, FHFA Acting Director Thompson [today](#) has released a new strategic plan for the agency emphasizing the importance of both equitable and sustainable housing finance.
- **CRYPTO24:** Today's HFSC hearing on stablecoins makes it clear that the bipartisan legislation Chairwoman Waters (D-CA) prefers is at best a long way off.
- **FEDERALRESERVE69:** As this report details, all three Fed nominees before the Senate Banking Committee today emphasized the vital importance of Fed independence and their anti-inflation zeal to quell GOP opposition and cement it among moderate Democrats.
- **CONSUMER38:** Taking action to advance President Biden's competition order, the CFPB is seeking views on fees which it believes exploit consumers by virtue of unfair competition.
- **GSE-020122:** Nothing could do as much damage to a business based on fee revenue as a determined CFPB inquiry into fee revenue.
- **CBDC10:** Months after initially promising to release a discussion draft on central bank digital currency (CBDC), the Federal Reserve is now seeking comment on whether and how it might create one.
- **GSE-012422:** A new Federal Reserve Bank of Atlanta [study](#) adds another element to those [prior](#)

[research argues](#) are evidence of widespread racial discrimination in U.S. mortgage finance.

- [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.