



FedFin Daily Briefing

Tuesday, March 15, 2022

House Readies Still Tougher Sanctions

Thursday's [HFSC mark-up](#) will advance a series of bills ramping up sanctions designed as amendments to the omnibus legislation advancing through Congress to punish Russia and targeted allies. We expect all these bills to pass by wide margins, with additional measures added after tomorrow's speech from Ukraine's president; we will provide clients with an in-depth report of the mark-up and other actions related to financial markets. Bills to be taken up on Thursday include a revised version of H.R. 7066 (Sherman, D-CA) to tighten restrictions on financial institutions already governed by Russian and Byelorussian sanctions to make it still more clear that affiliates, including owned or controlled foreign ones such as subsidiaries subject to host-country law, are nonetheless governed by U.S. sanctions. This does not apply to parent companies of foreign banks with subsidiaries or branches in the U.S., but rather to affiliates of U.S. financial companies or any affiliates of U.S. -domiciled entities. The panel will also vote on draft legislation from Rep. Chuy Garcia, (D-IL) to require U.S. officers at international financial institutions to press for Ukraine debt relief; the U.S. is also to work with bilateral organizations and private creditors to gain debt suspension and/or relief. A new bill from Chairwoman Waters (D-CA) would empower FinCEN to use targeting orders without geographic limitations when it comes to Russian or Byelorussian oligarchs, although the bill's language appears to allow FinCEN also to use this new power more broadly. FinCEN would also be granted greater authority to gather information from non-financial organizations. An amended version of H.R. 6891 (Wagner, R-MO) would make it an express U.S. policy to exclude Russian government officials to the greatest extent possible from the G20, BIS, Basel Committee, FSB, and numerous other transnational organizations. The ban would last as long as the Ukraine crisis although the president could waive it under certain circumstances.

What's Next at the Fed

As anticipated, Sarah Bloom Raskin has reportedly [withdrawn](#) her nomination following indication from Sen. Manchin (D-WV) and two moderate Republicans that they will oppose her confirmation. Although this might clear the nominations of Chairman Powell, Gov. Brainard, Lisa Cook, and Phillip Jefferson, this will occur only if Chairman Brown (D-OH) is willing to sacrifice leverage over the next nomination for the supervision vice chair. Unless he concedes quickly, negotiations over the next nomination will proceed before current ones are cleared. There has thus been some [speculation](#) that a sitting Fed Governor will take on the *de facto* supervisory role much as Dan Tarullo did in the Obama Administration. This is, though, difficult, because Gov. Brainard has considerable obligations if confirmed as the vice chair for the Federal Reserve System as a whole and Gov. Waller would be objectionable to Congressional Democrats and perhaps also the White House were he given this nod. Ms. Book or Mr. Jefferson might take on such a role if confirmed, but neither has any experience with financial regulation or supervision. We thus expect the White House to look for the most progressive nominee possible who stands the best-possible chance of speedy confirmation and continued stalemate on pending nominations.

More on What's Next for the Fed

President Biden's [statement](#) today on Ms. Raskin's withdrawal clarifies the outlook detailed in our alert earlier this afternoon. After praising the nominee, the president urges the Senate to quickly confirm Mr. Powell, Ms. Brainard, Ms. Cook, and Mr. Jefferson. We expect Chairman Brown (D-OH) to agree to do so, paving the way for party-line votes likely to confirm all four appointments, even though Ms. Cook's remains somewhat problematic.

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-031522](#)**: Although we have done extensive analysis of a U.S. central-bank digital currency (CBDC) in our sister analytical service, we have not viewed as it as an imminent strategic consideration for housing-finance agencies and financial institutions.
- **[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.