



FedFin Daily Briefing

Friday, June 17, 2022

Powell Ponders the Dollar

In remarks today at a conference on the dollar's reserve-currency status, [Chairman Powell](#) highlighted Fed actions to ensure that the dollar is not only an essential global payment instrument, but also a stable one. Key to this, he said, are the central bank's swap lines and repo facility, which now serve as global liquidity backstops. However, market changes require continuing attention to this issue, with Mr. Powell noting how FedNow will come online next year and reinforce reserve-currency status even as the central bank continues to consider CBDC's impact. Mr. Powell provided no insight into how the Fed will act on this or many other vexing CBDC questions nor on when it will do so.

Republicans Prepare to Investigate SEC over Climate-Risk Disclosures

In a [letter](#) to SEC Chairman Gensler, Senate Banking Republicans upped their campaign against the SEC's proposed climate disclosure [rule](#), asking the Chairman to provide all written communication related to it. The Republicans sharply criticized the rule as inappropriate and outside the Commission's purview, adding that they believe its effects would worsen gas price inflation by discouraging capital investment in fossil fuels. In addition to seeking all documents in a manner suggestive of an investigation, the letter quizzes the Chairman on whether the SEC has considered the proposed rule's economic impact or any First Amendment concerns, as well as if the SEC has coordinated with other Federal Agencies to draft the rule. They also demand that the Chairman provide all emails and text messages from the SEC to the Executive Branch, the FSOC, or the EPA and a list of all relevant SEC persons who worked on it. All of the requests have a deadline of June 29.

Chopra Redoubles Plans for Innovative Standard-Setting, Tough New Rules

In a sweeping statement [today](#), CFPB Director Chopra strongly defended his agency's unusual approach to recent guidance and rulemakings as well as detailed ongoing priorities. In addition to defending a new approach to "bright-line" rules, Mr. Chopra said that the Bureau will accelerate the recent spate of advisories and interpretive rulings which bring needed clarity; he does not discuss the extent to which this process raises due-process and administrative-procedure concerns.

Agency priorities include completing rulemakings mandated by the Dodd-Frank Act such as those for consumer-data rights and small-business ECOA disclosures as well as a new "registration" system for repeat nonbank offenders. The Bureau will also review the Fed's credit-card rules with a focus in particular on enforcement immunities and penalties and rewrite FTC rules governing the FCRA to "promote enhancements and changes in business practice" – i.e., likely a new model for the consumer reporting agencies. Mr. Chopra also plans to overhaul his own agency's standards for qualified mortgages to spur refinancing and reopen the seasoning question.

BIS Announces New Crypto, Cybersecurity, and Green Finance Projects

The BIS Innovation Hub today [updated](#) its 2022 work program with several new projects on cryptocurrency, cybersecurity, green finance, and CBDC. These include creating an open-source market intelligence platform bringing transparency to the financial metrics of crypto-lending platforms and mitigating financial stability risks; developing resilient cryptographic solutions for payment and settlement systems facing increasing privacy and security threats from post-quantum computing; building a new database of corporate reports to improve access to sustainability data and disclosures; researching technological solutions allowing CBDC to be administered with greater cybersecurity and less financial risk; and developing a green finance bond leveraging blockchain and smart contracts for carbon credit tracking and verification. The cryptocurrency market intelligence platform, research on post-quantum cryptography, and climate-risk database are expected to begin soon. Timing for coming work on CBDC and green bonds is not specified.

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](#).

- [CONSUMER43](#): Combining some of its outstanding initiatives and adding new ones, the CFPB is seeking information on how well larger banks and credit unions serve consumers and what steps may be needed to make them do better.
- [GSE-061522](#): Today's report to Congress is FHFA's first foray into expressing a statutory opinion since Sandra Thompson took over, a change doubtless due to her newly confirmed status and the will to tackle hard questions in which Congress has only nominal interest in the absence of another crisis.
- [CRYPTO28](#): After protracted negotiations and much public attention, bipartisan senators have introduced a far-reaching bill designed to encourage digital-asset use without undue risk to consumers, investors, or the financial system.
- [GSE-060922](#): When Sandra Thompson earlier this year enunciated a new equitable-finance mission, we [forecast](#) that Fannie and Freddie would undertake an array of new activities that significantly expand their footprint along with their equity and equality impact.
- [GSE-060722](#): FHFA released its first-ever [report](#) on the extent to which Fannie, Freddie, and the FHLBs meet their statutory mission.
- [GSE-060222](#): Following on the heels of new [capital disclosures](#), FHFA has [finalized](#) a planning process designed to ensure that GSEs have something good to say when they post these reports, reassuring markets and perhaps even speeding the way out of conservatorship.
- [GSE-060122](#): As detailed in our [new in-depth report](#), the CFPB has issued another sweeping rule by way of a seemingly innocuous circular not subject to public notice and comment.
- [FAIRLEND11](#): Continuing its use of novel rulings that preclude public notice and comment, the CFPB

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has issued a landmark ruling on artificial intelligence (AI) and other forms of algorithmic underwriting stipulating lender responsibility for sending out the adverse action notices required under the Equal Credit Opportunity Act (ECOA).

- **[GSE-052722](#)**: FHFA has [finalized](#) its October [proposal](#) to create a new qualitative capital and governance disclosure regime, going well beyond the disclosures initially mandated in the final capital [rule](#) to instill market discipline long associated with private companies, not conservatorships.
- **[CBDC13](#)**: Newly in place as Fed Vice Chair, Lael Brainard today made it clear at an HFSC full committee hearing that her prior statements laying out CBDC benefits are still her thinking despite the considerably more ambivalent approach outlined in the Fed's discussion draft ([see FSM Report CBDC10](#)).
- **[DEPOSITINSURANCE113](#)**: Using a new approach to issuing enforcement edicts – a circular – the CFPB has made use of its controversial decision to bring nonbanks under its ambit to bolster the FDIC's efforts to enhance consumer understanding of which funds are entrusted to FDIC-insured depositories and which may be at greater risk in other hands.
- **[CRYPTO27](#)**: Sharp disruptions in cryptoasset markets, and especially those for stablecoins, have energized calls for rapid U.S. statutory and regulatory action along lines initially laid out by the President's Working Group on Financial Markets (PWG).