



GSE Activity Report

Thursday, June 2, 2022

Planning Ahead

Summary

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. The final rule is substantively unchanged from the [proposal](#).

Impact

More or less consistent with big-bank standards, FHFA's rule requires that each GSE review its own capital and risk profiles to add needed capital, reduce asset growth or distributions, alter risk tolerances, and plan ahead to ensure compliance with the stress capital buffer (SCB) included in the agency's final [capital rules](#) or, when FHFA releases them, new supervisory stress tests.

As with the proposal, the final rule requires consideration of the SCB, now also stating that capital distributions for the fourth through seventh quarters of the capital-planning horizon. This is a slight change from the final capital rule reflecting a recent FRB change to the SCB, with FHFA declining to make any of the more substantive changes Freddie recommended in its comment letter, nor does the final rule reflect Freddie's recommendations for changes to the governance required of capital planning, even though some of Freddie's suggestions reflect the distinction between board and senior-management responsibilities in FRB standards.

Outlook

This rule is effective sixty days after *Register* publication. The first plan submission will be in May 2023.