



FedFin Daily Briefing

Friday, July 1, 2022

Federal Stablecoin Construct Takes Shape

Treasury late [yesterday](#) released a statement from Secretary Yellen following a meeting of the President's Working Group on Financial Markets on the status of work on its stablecoin report ([see Client Report CRYPTO21](#)). Treasury emphasized the importance of "serious" legislative engagement in a "prompt" fashion, but the statement is unlikely to be an indirect endorsement of the Lummis-Gillibrand bill ([see FSM Report CRYPTO28](#)) given the priorities the Secretary also said require attention (e.g., runs, consumer protection, concentrated market power). However, Treasury told [media](#) that the Administration is now willing to support a stablecoin construct outside the insured depositories it emphasized in the initial report, looking to work with HFSC to move a bill by year-end. The extent to which the nonbank construct follows at least some of the lines of the Toomey bill ([see FSM Report CRYPTO27](#)) will determine the prospects for Senate action in this Congress. Even though the banking agencies have done nothing public to date, Ms. Yellen also praised them, perhaps alluding here to Basel's proposal [yesterday](#) for global crypto assets that impose stringent stablecoin restrictions.

FDIC DIF-Premium Plans Posted

The *Federal Register* today includes the final versions of the FDIC's revised DIF restoration plan and proposed premium increase ([see FSM Report DEPOSITINSURANCE114](#)). As noted, DIF premiums would almost double on average, with the largest banks paying as much as five percent of income. Comments are due by August 20.

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-070122](#): FHFA today essentially conceded after its initial polite rebuff to an Urban Institute critique of the capital rules adverse impact on [UMBS](#).
- [GSE-063022](#): The Federal Reserve Bank of Philadelphia's latest [report](#) on foreclosure risk includes a worrisome finding: the sharp rise in interest rates means that most loan-mod recipients won't actually get much relief.
- [GSE-062922](#): In response to a request from its [Inspector General](#), FHFA renewed the commitment to fourth-party supervision.
- [DEPOSITINSURANCE114](#): The FDIC is proposing to raise base Deposit Insurance Fund (DIF) assessments by two basis points (BPS) to replenish the DIF by the statutory deadline to reflect deposit inflows that the FDIC no longer expects to be temporary.
- [GSE-062722](#): A new Fed [paper](#) analyzes the striking differences between mortgage-market liquidity – or the dramatic lack thereof – in the great financial crisis of 2008 and the pandemic crisis of March, 2020.

- **FEDERALRESERVE71:** At today's HFSC hearing, Chairman Powell encountered the same political headwinds evident at yesterday's Senate Banking session ([see Client Report FEDERALRESERVE70](#)), reinforcing and even heightening his commitment to fighting inflation in concert with hopes that a soft landing may still be possible.
- **GSE-062322.pdf:** Following a sharp critique of GSE capital standards earlier today [from the Urban Institute](#), FHFA Director Thompson [today acknowledged](#) Fannie and Freddie's new 50 bps fees when one of the GSEs guarantees the other's collateral for UMBS purposes.
- **FEDERALRESERVE70:** As we [expected](#), today's Senate Banking session with Chairman Powell is a preview of broader national debate ahead of the midterm election.
- **CLIMATE14:** The Basel Committee has finalized its proposed climate-risk management principles largely unchanged from its proposal, establishing over-arching goals at which both banks and their supervisors are asked to aim.
- **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.