



FedFin Daily Briefing

Monday, July 25, 2022

Stablecoin Bill Still in Limbo

As we noted last [week](#), the fate of stablecoin legislation at this week's HFSC mark-up has been uncertain. The committee staff [memo](#) today does not include a bill in this area; it is our understanding that negotiations continue on a draft amenable to both Chairwoman Waters (D-CA) and Ranking Member McHenry (R-NC). Measures on the official agenda include the overdraft bill held over from the [last mark-up](#), a bill requiring lenders to consider any credit history a borrower requests (H. R. 8485) legislation allowing persons to hide gender identity when applying for credit (H.R. 8478), and several bills to provide greater powers for credit unions. FedFin will advise clients of changes related to stablecoins as we learn of them and send you an in-depth analysis of the mark-up as it advances.

OCC Seeks Fintech, Nonbank Analyses

The OCC [today](#) calls for academic and policy-focused papers on the impact of fintech and nonbanks on banking and the markets for lending, deposit-taking, and payment services. This sweeping inquiry is designed to inform the agency as policy continues to take shape in these high-profile areas, with the announcement today providing no insight into whether these papers – which will doubtless come also from trade associations and other advocacy groups – will do more than provide a symposium's worth of discussion. However, given the slow pace of inter-agency action, papers could well have near-term policy impact. The deadline for submission of the papers in August 21. The OCC will invite selected authors to present their findings at an event in November, which the agency says will center on how community banks leverage technology and respond to emerging nonbank lenders.

Stablecoin Rules – or Lack Thereof – Likely to Remain

As noted in media this [afternoon](#), HFSC will in fact not mark up a stablecoin bill on Wednesday. Instead, some staff indicate that a discussion draft will be released so that the process of crafting a bill can continue in August in hopes of a September vote. However, even if one were to occur, the odds of legislation in this Congress are slim to none at so late a date in the absence of any meaningful Senate Banking action in this arena. This turns the matter back to banking regulators to the extent that they can govern stablecoin issuers by inference through regulated banks along Basel's lines ([see FSM Report CRYPTO29](#)) and thus perhaps restricting key financial services now achieved for some issuers through bank "partnerships." The SEC and CFTC might also go beyond enforcement to push the limits of their current statutory authority to govern exchanges and thus constrain certain offerings. Still, any action under current law is likely to be piecemeal, leaving stablecoin's fate largely to the markets for the foreseeable future.

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](#).

- **LIBOR8**: Moving belatedly but now expeditiously to implement legislation governing legacy-contract benchmarks when there is no contractual fallback rate, the Fed has proposed a new framework for derivatives, consumer loans, certain GSE contracts, and any other legacy contracts without clear LIBOR-replacement provisions and a “determining person” to effectuate them.
- **GSE-072122**: We yesterday provided a complete assessment of Sandra Thompson’s sojourn on HFSC’s [griddle](#), noting the lack of any insights into essential issues such as conservatorship’s end or the full scope of CRT’s new beginning.
- **GSE147**: At her first hearing as confirmed FHFA Director, Sandra Thompson made it clear to House Financial Services that she is committed to expanding credit-risk transfer (CRT), encouraging equitable finance via new GSE activities, and recapitalizing Fannie and Freddie as quickly as possible.
- **GSE-071922**: As noted earlier today, the Fed has finally brought forth its LIBOR-transition [proposal](#) specifying permissible benchmarks for legacy contracts without contractual fallback rates.
- **CRYPTO30**: As part of its response to the President’s digital-asset executive order, the Department of the Treasury is seeking views on the broad policy questions on which it believes answers might guide the Administration’s next steps.
- **GSE-070822**: A new Fed staff [note](#) contains startling statistics on how much the housing market has changed in just a few months at grave cost to lower income households.
- **CRYPTO29**: Global banking regulators are trying a new, but still stringent, approach to governing bank exposures to certain types of crypto assets, revising an initial consultation to focus more on supervisory limitations than on extremely punitive capital requirements for what are deemed to be lower risk cryptoassets.
- **CREDITCARD35**: Taking the first concrete action following its new policy on “junk fees,” the CFPB has sought public comment on whether and how to govern credit-card late fees and broader practices related to late payments.
- **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.