



FedFin Daily Briefing

Thursday, July 28, 2022

End-August Deadline Set for LIBOR Comments

The *Federal Register* [today](#) includes the Fed's proposal to implement the LIBOR Act. Comments are due by August 29. As we noted ([see FSM Report LIBOR8](#)), a smooth transition from LIBOR by its effective end date in June 2023 appears unlikely, with the Fed leaving several questions unresolved in its NPR in favor of meeting this deadline. The transition from LIBOR is most likely to fall easiest on derivatives contracts, while those pertaining to consumer loans or the GSEs may face greater challenges. Although the LIBOR Act stipulates that a final rule must be in place no later than September 11, it seems likely the Fed will miss this deadline. The final rule would be effective on the first day of the next calendar quarter after the final rule's publication in the *Federal Register*.

HFSC Votes in On Key Bills

Turning to recorded votes from yesterday's [markup](#), the HFSC today approved several bills including reforms to overdraft fees and credit reporting. The overdraft bill, H. R. 4277 (Maloney, D-NY), passed 27-22. Also voted on were H.R. 8485 (Williams, D-GA), and H.R. 8478 (Pressley, D-MA). Both passed the Committee 28-23. As noted, while House passage of these bills will be hard but likely, enactment is most unlikely.

FSOC Agency Heads Report Climate-Risk Progress

At today's FSOC open meeting, member agency heads reported their climate-risk progress following the President's [executive order](#). Chairman Powell reiterated that the Fed is updating work on climate risk assessments without providing timing or details. SEC Chairman Gensler mentioned the SEC's proposed climate disclosure [proposal](#), stating that hundreds of issuers already disclose climate-related information. Acting Comptroller Hsu noted that the comments the OCC have received on its large-bank climate draft principles ([see FSM Report GREEN12](#)) were largely supportive, with dissenting comments focusing mainly on regulatory overreach. The OCC will also seek views on what data financial institutions would find most helpful to determine climate risk. FHFA Director Thompson announced that the GSEs are working on climate frameworks without providing additional details and stated that all her agency's climate work focuses on underserved communities.

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.