



# *FedFin Daily Briefing*

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Friday, September 23, 2022

## **Dems Reintroduce Instant Funds Availability Bill**

Sens. Van Hollen (D-MD) and Warren (D-MA) yesterday introduced S. 4946, a bill they also introduced in 2019 ([see FSM Report PAYMENT16](#)) to require banks immediately to offer instant funds availability. As Sen. Van Hollen noted yesterday ([see FSM Report REFORM213](#)), the measure is intended to force banks to ensure instant funds availability and thus press membership in FedNow. It stands no chance of passage in this Congress, but were it to pass now or next year, FedNow likely could not handle a sudden influx of retail transactions as it [remains](#) only in its advance pilot stage. Payments would instead be forced onto the clearing house's RTP system, which Democrats fear is unduly influenced by the largest banks or onto tech platforms, posing an array of risks. Reps. Garcia (D-IL) and Pressley (D-MA) have introduced a companion bill in the House.

## **FRB Proposes Sweeping FMU Operational-Risk Update**

The FRB today [proposed](#) an update to rules governing operational risk-management for certain systemically important financial market utilities (FMUs). These requirements were last updated in 2014 and thus did not account well for cyber-threats and technology changes. The revised rules would, among other things, focus on incident management and notification; business continuity management and planning; third-party risk management; and review and testing of operational risk management measures. Comments will be due sixty days after publication in the *Federal Register*.

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### **Recent Files Available for Downloading**

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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](http://www.fedfin.com) or clients may obtain the reports/analyses by e-mailing [info@fedfin.com](mailto:info@fedfin.com) giving the requested item name, firm, and e-mail address. To learn more about *GSE Activity Reports*, click [here](#).

- [AML136](#): Treasury is seeking comments on issues raised by the President's executive order (EO) on digital assets to guide further work curbing illicit-finance and national-security risks in this sector.
- [REFORM213](#): Senate Banking's hearing with big-bank CEOs proved much more combative than HFSC's session yesterday ([see Client Report REFORM212](#)).
- [GSE-092222](#): In this report, we follow our earlier analysis of Treasury's CBDC recommendations and [housing finance](#) with an analysis of another Treasury report in response the President's [executive order](#) focused on the overall construct of cryptoassets in the U.S.
- [REFORM212](#): At today's big-bank oversight HFSC hearing, Committee Democrats focused on each bank's progress on social issues, such as internal diversity, unionization, and historic roles in financing slavery.
- [GSE-092122](#): In this analysis, we drill down in Treasury's high-impact reports to the President on the future of digital assets to identify key considerations and strategic implications for housing finance.

- **CRYPTO32:** We follow our prior in-depth analysis of Treasury's CBDC and payments report ([see Client Report CBDC14](#)) with a detailed assessment of the Department's [assessment](#) of overall cryptoasset policy.
- **SANCTION19:** Today's Senate Banking hearing on Russian sanctions showcased bipartisan concern that anti-Russian sanctions have yet to have meaningful impact and doubts about the extent to which oil-price caps will reverse this.
- **CBDC14:** In this in-depth report, we follow through as promised on our initial analysis of key sections in last Friday's Treasury report on CBDC and changes to the payment system.
- **INVESTOR20:** The Senate Banking hearing with Chairman Gensler today went as [expected](#): Democrats generally praised his work while Republicans strongly opposed it on both substantive and procedural grounds.
- **INSURANCE61:** Chairman Brown (D-OH) convened a hearing today focused on the insurance industry largely focusing on the extent to which private-equity takeovers endanger insurance solvency and threaten pensioners following risk transfers.
- **GSE-090722:** Reinforcing the sharp turn-around in housing markets evident since the Fed surprised markets with its first 75 bps hike, a new working paper from the [San Francisco Fed](#) provides the first hard evidence of how monetary-policy shocks in the U.S. hit listing prices hard and fast.
- **GSE-090122:** As seems always the case, FHFA Director Thompson is as good as her word to Congress earlier this [summer](#), announcing [yesterday](#) a review of the extent to which the Home Loan Banks and their System meet the mission assigned to them and, regardless, if that mission still makes sense.
- **GSE-083022:** BofA's new no-down payment [mortgage](#) is another innovative product in which banks use their balance sheets to address their CRA obligations by offering down payment assistance or, as here, flat out nothing down.