



FedFin Daily Briefing

Friday, October 21, 2022

Ginnie Gives Ground on Controversial RBC Requirements

Following its [long-delayed](#) release of eligible seller-servicers standards with FHFA, Ginnie Mae [announced](#) today that it is extending by one year its mandatory compliance date for the new risk-based capital standards. The announcement cites stakeholder feedback and evolving market dynamics –doubtless the economic downturn and concerns about procyclicality – in the agency’s decision for this extension, which sets a new RBC implementation date of December 31, 2024.

BIS Unveils Two-Tier CBDC Prototype

Reflecting the BIS’ preferred two-tier CBDC structure ([see Client Report CBDC6](#)), the BIS today announced the [launch](#) of a prototype two-tier retail CBDC called Aurum comprised of a wholesale interbank system and a retail e-wallet. The wholesale interbank system is designed to ensure that banks do not issue more retail CBDCs than the wholesale CBDCs that the bank owns or double issue the same wholesale CBDC asset as a retail CBDC asset. This system also tracks unspent transaction output, allowing users to prove ownership even if an issuing bank has ceased operations. The wholesale system was also designed to be applicable to intermediated CBDCs or CBDC-backed stablecoins. Banks each operate their own retail e-wallet servers, in which its transactions are not disclosed to the wholesale interbank system, maintaining the privacy of banks and their customers. BIS claims that decoupling wholesale and e-wallet systems strengthens cyber resilience through privilege separation and network segmentation. The extent to which any of this satisfies FRB concerns ([see FSM Report CBDC10](#)) on either policy or technology remains to be seen, but it will likely accelerate CBDC development in other nations.

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](#).

- [RESOLVE48](#): The FRB and FDIC have moved beyond the resolution-planning requirements mandated in the Dodd-Frank Act then implemented over the years to what could be a new resolution regime for banking organizations considered category II or III companies under the inter-agency tailoring rules.
- [MERGER11](#): [As promised](#), this analysis focuses on the [OCC](#) and [FRB](#) approvals of the acquisition by U.S. Bancorp of MUFG’s Union Bank in California.
- [DEPOSITINSURANCE115](#): The FDIC board today voted 3-0 to increase DIF assessment rates by 2bps, finalizing its proposal ([see FSM Report DEPOSITINSURANCE114](#)) and rejecting industry arguments on grounds that a small DIF premium increase now would make a more damaging procyclical assessment increase under adverse economic conditions less likely.
- [CRYPTO34](#): Speaking for global banking, securities, and insurance regulators, the Financial Stability Board has taken its firmest stand to date on cryptoassets and outlined high-level and often principles-based global standards to govern them going forward.

- **[INTERCHANGE11](#)**: Leaving its interchange-fee restrictions intact – at least for now – the Federal Reserve has finalized its proposal expanding on its existing requirement that all debit- card transactions must be enabled for processing on at least two unaffiliated payment-card networks for card-not-present transactions.
- **[GSE-100622](#)**: FHA's [request for input](#) on small-dollar loans could mean much for this equality-essential product or little beyond a lot more public debate.
- **[CRYPTO33](#)**: In this report, we build on our [initial assessment](#) of FSOC's conclusion that cryptoassets now pose systemic risk and the Council's recommendations about what should be done to curtail it.
- **[GSE-100422](#)**: Although one witness at the FHFA listening session on the Home Loan Banks took strong issue with their mission and meaning, another who called them the "most successful program of the last hundred years" pretty much summed up today's testimony.
- **[GSE-100322](#)**: Our take on the first two days of FHFA's FHLB "listening session" last week is that battle lines are shaping up much as we expected with the exception of a couple of powerful groups with new ideas about how the System could be put to better use for themselves and/or the public interest.
- **[MORTGAGE121](#)**: The CFPB has asked for views on the extent to which it can facilitate certain refinancing (refi) products it believes enhance economic justice.
- **[GSE-092622](#)**: As will be evident in our forthcoming in-depth analysis, the CFPB's fusillade [last week](#) on mortgage-finance could have far-reaching implications for the entire market based on how far it takes its new campaign for equitable housing finance and whether the market is willing to come along on at least some of the agency's new ideas.
- **[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.