



FedFin Daily Briefing

Wednesday, November 9, 2022

FIO, HHS Plan Longer Ponder on Federal Cyberinsurance

The Federal Insurance Office and the Department of Homeland Security's Cybersecurity and Infrastructure Security Agency today [extended](#) the comment deadline for comments on whether a federal insurance response is warranted for catastrophic cyber risk. The earlier notice asked what type of catastrophic attacks on U.S. critical infrastructure are most likely, how best to measure their effect, the current catastrophic insurance landscape, and how any federal insurance should be structured. The comment deadline is now December 14.

FDIC Board Stands By DSIB Resolution Reform

At today's FDIC Systemic Resolution Advisory Committee session, Acting Chairman Martin Gruenberg defended the release of proposed DSIB resolution standards as guidelines, not rules. Director Chopra reiterated concerns he expressed at a recent FDIC board meeting ([see Client Report DEPOSITINSURANCE115](#)), pressing for a structural rewrite of both DSIB and GSIB resolution standards. Acting Comptroller Hsu focused largely on supervisory build-out, noting the need for more creative, forward-looking assessments of resolution plans. Mr. Hsu also wants regulatory statements to ensure that investors understand that TLAC is a buffer of capital-at-risk in the event of extreme stress. In addition, Acting Chairman Gruenberg focused on CCP resolution, highlighting the lack of a coherent framework and emphasizing the need for inter-agency and international cooperation quickly to craft one.

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](#).

- [PAYMENT26](#): Although the Fed characterized its final payment-system access guidelines as "transparent," FedFin's analysis and other assessments concluded that the Federal Reserve Banks retained considerable discretion to pick and choose those granted master accounts and there would be no ready way to identify which institutions had or lost this essential status for any provider of retail or wholesale deposit-taking services or their equivalent.
- [GSE-110822](#): In its latest blast on racial equity, the Treasury Department's Office of Economic Policy has issued a [blog post](#) cataloguing racial disparities in residential-mortgage finance.
- [SYSTEMIC94](#): As we noted [Friday afternoon](#), the Federal Reserve then released its semi-annual [financial-stability report](#) in an effort not only to comply with its protocols, but likely also to attract as little attention as possible, with the release and even the report saying only as much about growing risk as the Fed thinks is essential to preserve its credibility.
- [GSE-110722](#): In its latest financial-stability [report](#), the Fed is at pains to provide dozens of pages of helpful data with the few systemic-risk conclusions the Board ventures couched in careful prose designed to assure critics that the Fed knows well what's going on without expressing any views that might suggest serious trouble looms or hint that any of what it surveys will alter the Fed's course in terms

of monetary policy, regulatory actions, or systemic considerations.

- **DATA3**: Beginning a long-awaited rulemaking process on the extent to which consumers have rights to their own data and how these rights may be exercised, the CFPB is seeking views on an array of ideas and questions to guide future action.
- **OVERDRAFT11**: In conjunction with a Presidential speech and new White House initiative against “junk fees,” the CFPB has accelerated its own efforts in this arena with two new policy directives.
- **GSE-102522**: As we noted [yesterday](#), FHFA has decided not only to [unbundle](#) second and high-dollar loans from its flat-fee paradigm, but now to do the same for about one in five conventional conforming purchase loans outside these categories.
- **DEPOSITINSURANCE116**: The FDIC has finalized its proposal largely unchanged 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.
- **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.