



# *FedFin Daily Briefing*

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Wednesday, November 30, 2022

## **Brown Again Asks Treasury for Crypto Action, Recommendations**

In a letter [today](#), Senate Banking Chairman Brown (D-OH) continued his press for regulators to do something soon about cryptoassets. He called on Secretary Yellen to work quickly with regulators to advance the policy recommendations in recent Treasury reports ([see Client Report CRYPTO32](#)), noting in particular his concerns with vertical integration, calling for rules as well as recommendations regarding any needed statutory changes. He also again called for stablecoin regulation along with recommendations for statutory changes even though these were provided as early as last November in the PWG's report ([see Client Report CRYPTO21](#)).

## **Confirmation Seems Assured for Full FDIC Board**

At today's confirmation hearing, Republicans raised numerous concerns with Acting Chairman Gruenberg, but appear reconciled to accepting his nomination in order to win confirmation for the two Republican nominees who would fill out the board. Ranking Member Toomey (R-PA) blasted Mr. Gruenberg over the alleged "power grab" last year and his support for climate risk initiatives, but the bulk of questioning centered around cryptoassets. Both Chairman Brown (D-OH) and Sen. Tester (R-MT) questioned the current public benefit of crypto, with Sen. Tester suggesting that regulation may unduly legitimize it. Sens. Menendez (D-NJ) and Warren (D-MA) asked whether the FDIC would continue to shield the financial system from crypto contagion in light of FTX's collapse, with all three FDIC nominees committing to do so. Sen. Van Hollen (D-MD) asked when to expect the upcoming CRA update ([see FSM Report CRA32](#)) to be finalized; Mr. Gruenberg replied that early next year is his best guess. Sen. Lummis (R-WY) indicated that she would support no FDIC nominees until the requirement for a board member to have state regulatory experience is fulfilled.

## **Brown Presses CFPB to Stop Silent Second Foreclosures**

Chairman Brown (D-OH) today sent a [letter](#) today to CFPB Director Chopra urging the Bureau to sanction servicers foreclosing on "zombie" second liens. These are second liens that were often piggybacks in pre-2008 high-LTV mortgages designed to ensure that first loans could be sold to the GSEs without private mortgage insurance. In the course of the crisis, many homeowners modified their first liens and seconds were written off by the lender or guarantor, but obligations were also sold to servicers and debt collectors who, Sen. Brown asserts, are now bringing foreclosure actions to enforce these long-dormant second liens. Sen. Brown believes that these foreclosure actions violate both federal and state law, urging the CFPB to curtail foreclosures and/or enforce these consumer protections. We expect the Bureau to take rapid action to do so.

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### **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](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](#).

- **CONSUMER44:** Reviving what it calls “dormant” authority, the CFPB has finalized a proposed “procedural rule” expressly reiterating its right to govern an array of nonbanks and establishing procedures for making supervisory orders public.
- **GSE-112122:** As came out into the open [last week](#), FSOC will finally turn to rewriting the Trump era [rewrite](#) of the Obama Administration’s FSOC protocols regarding systemic financial institutions and activities.
- **FINTECH31:** As [promised](#), this report provides an in-depth analysis of [Treasury’s report and resulting recommendations](#) to the President’s Competition Council on the impact of new nonbank consumer-finance entrants from a competition, consumer-protection, and financial-stability perspective.
- **REFORM215:** HFSC today largely focused bank regulators on the same range of questions posed at yesterday’s Senate Banking session ([see Client Report REFORM214](#)).
- **REFORM214:** At today’s Senate Banking oversight hearing with the banking agencies, Chairman Brown (D-OH) generally applauded the work of regulators, emphasizing the need for tough standards, like-kind rules for bigtech companies, and an inquiry into why depositor interest rates lag Fed rate hikes along lines [posed](#) earlier by Sen. Reed (D-RI); FDIC Acting Chairman Gruenberg concurred, criticizing banks for sluggish rates.
- **TMARKET3:** Building on our [initial assessment](#), this report goes in-depth into the Treasury assessment of the market for its obligations and reforms necessary to avert another dash for cash.
- **NBFI2:** As [promised](#), this FedFin report provides an in-depth analysis of the FSB’s latest policy on [nonbank financial intermediation](#).
- **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.