



FedFin Daily Briefing

Thursday, December 15, 2022

FinCEN Advances Beneficial-Ownership Privacy Constraints

Following its [finalization](#) of the beneficial ownership reporting rule, FinCEN today [issued](#) a notice of proposed rulemaking that would clarify how beneficial ownership information (BOI) must be acquired, used, and stored. The proposal limits BOI access to only federal national security agencies, law enforcement authorities with a court order, financial institutions with customer due diligence requirements, and certain foreign and Treasury officials, all of which are subject to stringent security protocols aligned with the scope of the information request. These restrictions are designed to address ongoing privacy concerns often expressed by Republican Members of Congress but may have the unintended effect of limiting information for smaller banks unable to meet the access requirements. This proposal is the second of a trio of BOI rules, with the third coming no later than January 1, 2025. A comment deadline is set for February 14.

Chopra Defends Nonbank Repeat-Offender Registry, Confirms Zelle Watch-and-Wait

Today's Senate Banking hearing repeated much of what HFSC and Director Chopra said yesterday ([see Client Report CONSUMER45](#)), with Democrats lauding the Bureau and Republicans condemning it for politicization, poor administrative process, and an unconstitutional construct. Ranking Member Toomey (R-PA) grilled Director Chopra on the Bureau's new [proposal](#) requiring certain nonbank financial firms to report enforcement actions, asking him what he would do if a nonbank said it was compliant with a consent order and the CFPB disagreed. Mr. Chopra emphasized that attestation under the proposed rule would only be required of supervised entities, defending the proposal on grounds that it would help states identify serial fraudsters. In an exchange with Sen. Menendez (D-NJ) over the Bureau's progress on Zelle guidance, Director Chopra highlighted work with large and small banks on reducing the "scourge" of fraud in real time payments, emphasizing that this work is also germane to P2P services other than Zelle. Sen. Daines (R-MT) asked Director Chopra what the Bureau can do to ensure consumers have access to small dollar loans and financing products; the Director said the Bureau is exploring its "dormant authority" to increase the ability of fintechs and small banks to access customers at lower acquisition costs via permissioned data. Chairman Brown (D-OH) asked about work with the DOJ to ensure equal access to mortgage credit; Director Chopra reiterated that the Bureau is looking at digital forms of redlining ([see FSM Report FAIRLEND11](#)) and that much more work is forthcoming.

Comment Deadline Extended For Controversial DSIB-Resolution Standards

Reflecting continuing controversy, the Federal Reserve Board and FDIC today [announced](#) that they will extend by one month the comment deadline for their ANPR on large bank resolvability standards. The former deadline was December 23; the new deadline is January 23. As noted ([see FSM Report RESOLVE48](#)), new DSIB-resolution requirements are likely to increase IDI-funding costs and/or reduce operational efficiency, but also increase resilience under stress and investor confidence in positive outcomes that may offset some debt or equity costs. Final standards would govern any DSIB that had not received "guidance" detailing its resolution plans.

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](#).

- **[CONSUMER45](#)**: Despite early warm goodbyes to outgoing Chairwoman Waters (D-CA), GOP members wasted no time trading blows at a fiery HFSC session today with CFPB Director Chopra.
- **[CRYPTO36](#)**: Senate Banking Committee Chairman Brown (D-OH) today backed away from prior statements about crypto legislation, focusing instead on the prospect of additional investigations into failing crypto firms and ongoing work with Secretary Yellen on a government-wide regulatory framework.
- **[CLIMATE15](#)**: Following the pattern set in 2021 by the OCC, the FRB has now proposed climate risk-management standards as high-level principles to guide banking organizations with assets over \$100 billion.
- **[GSE-120522](#)**: Making an important addition to the ongoing debate about Treasury-market liquidity, a new [paper](#) from the Bank for International Settlements provides sobering data on agency MBS liquidity with significant implications not only for secondary-market liquidity, but also primary-market stability.
- **[CRYPTO35](#)**: In the first Congressional review of crypto since the collapse of FTX, Senate Agriculture leadership largely defended the bill they produced, S.4760.
- **[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](#)).