FedFin Daily Briefing

CFPB Reaches Massive, Policy-Setting WFC Agreement

The CFPB today reached a landmark and perhaps even unprecedented $3.7 billion settlement with Wells Fargo on an array of "surprise-fee" and bad-practice allegations. Because of the scope of this action and Director Chopra's plans to use it as grounds for still greater penalties against WFC, we will shortly provide clients with an in-depth analysis of its policy and strategic implications.

Despite Fears, FSB Finds NBFIs Sound In 2021

Although the FSB's most recent NBFI report (see *Client Report* **NBFI2**) and FSOC's new annual update (see *Client Report* **FSOC28**) cite investment funds as a significant concern, FSB's latest NBFI 2021 monitoring report concludes that most balance-sheet risk measures remained stable. It does note that collective investment vehicles – a category that subsumes MMFs and other funds – experienced the largest growth in the report's "narrow measure" and continued to have elevated levels of credit intermediation and liquidity and maturity transformation. However, overall NBFI banking-sector linkages in terms of funding and exposures decreased.

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.

➢ **CONSUMER46:** In this report, we provide an in-depth assessment of the CFPB's unprecedented $3.7 billion settlement earlier today with Wells Fargo (WFC).

➢ **FSOC28:** As promised, this FedFin report provides an in-depth analysis of FSOC's 2022 annual report, focusing on findings with near-term policy implications.

➢ **GSE-121922:** As promised Friday when FSOC's annual report was released, we here go into depth on its implications for residential housing.

➢ **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.