



# FedFin Daily Briefing

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Wednesday, December 21, 2022

## FRBNY Blog: DeFi Addresses Crypto Risks, Tech, Legal Concerns Remain

Addressing the extent to which some of crypto could survive the current calamity, FRB NY staff in a blog [post](#) today argue that DeFi could resolve some of the risks apparent in recent crypto collapses if – and only if – technological and legal risks are addressed. Features inherent to DeFi – e.g., self-custody, automated governance controls, and transparent distributed ledgers – address the asset custody, governance, and disclosure failures central to recent collapses. However, smart-contract vulnerability and the lack of legal recourse would remain, leading the post to recommend extensive code testing and audits to mitigate technological risk without solving the legal-recourse challenge.

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### Recent Files Available for Downloading

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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](#).

- **CONSUMER47:** The CFPB is proposing to create a public registry of certain enforcement actions that would initially cover nonbanks (including BHCs) with a goal of drawing public and enforcement-agency attention to what the Bureau's director calls "serial offenders."
- **GSE-122122:** Finally taking what was supposed to be an "interim" [final rule in 2009](#), FHFA yesterday finalized a variation on Mark Calabria's 2020 new-product [proposal](#).
- **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.

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