



# *FedFin Daily Briefing*

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Tuesday, January 3, 2023

## Update re U.S. LIBOR Standards

In case you missed it, we want to alert you to one of FedFin's time-critical reports that was sent over the holidays: [LIBOR9](#), which details the Fed's new alternate benchmarks as even harder bargaining over legacy contracts begins early this year. As we note, the final rule is a faithful reiteration of much of what was in the law mandating it ([see FSM Report LIBOR7](#)), narrowing the range of disputes over who wins or loses via which benchmark replacement may or may not be contractually authorized. While the new standards likely prevent systemic disruption, there remains considerable room for lawyers to disagree and, given the asymmetry between LIBOR and SOFR rates, so they surely will.

## US Agencies Raise Red Flag Before Crypto Exposures

Starting the New Year off with a crypto bang, the federal banking agencies [today](#) issued a very cautionary statement reiterating and broadening the risks attendant to crypto activities and the care banks need to take conducting them. The statement also promises additional action, which we think very likely to include U.S. versions of the stringent new Basel [standards](#). We will shortly send clients our in-depth analyses of this global policy which now erects a strong firewall between banking organizations and all but the most carefully-structured, regulated cryptoasset exposures or activities. The new U.S. policy states that banking organizations are either prohibited nor discouraged from crypto activities with appropriate risk mitigation, but it goes on to say also that most DeFi and business models with concentrated crypto exposures are unlikely to be safe or sound. The statement also reminds banks that crypto activities must comply with AML, fair-lending, and UDAAP standards.

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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](#).

- [DEPOSITINSURANCE117](#): In the wake of increasing instances in which customers are confused and even misled about the extent to which fintech and cryptoasset holdings are insured deposits, the FDIC is proposing new standards addressing this problem as well as ways to modernize IDI representations of their own FDIC-insured offerings in branches and through the fast-changing array of retail banking delivery channels.
- [LIBOR9](#): Shortly before its statutory year-end deadline, the Federal Reserve finalized its proposal defining legacy-contract benchmarks when there is no clear, practicable contractual fallback rate.
- [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.