



FedFin Daily Briefing

Monday, January 9, 2023

FRB Staff Criticizes GSIB Climate Action Plans

A new FRB staff [paper](#) assesses GSIB climate-action plans, finding them better but still wanting with regard to risk measurement, disclosure, and management as well as the alignment of financing activities with stated net-zero targets. The paper largely depends on GSIB disclosures, likely not only leading authors to call for improvements given the well-known early stage of these releases, but also making uncertain its analysis of opaque areas such as internal policy alignment. The study notes the lack of standardization in GSIB disclosures, efforts, and terminology but does not seem to address it in reaching its conclusions. In general, GSIBs are found to have made progress reducing their own emissions and, while GSIBs have made larger sustainable-finance commitments, fossil-fuel lending is found to remain a significant activity even though the level of green financing lacks the amount needed to meet net-zero goals. GSIBs are deemed better able to measure and address the risk of those to whom they have exposures than their own climate-risk potential. Analysis of U.S. GSIBs finds them less attuned to transition risk than EU GSIBs, a fact attributed to the absence of climate stress testing.

FRB-NY Staff Find Banks Target Repurchases to Constrain Capital Distribution

Reaching no conclusions about the wisdom of the Fed's 2020 restrictions on bank capital distributions, a new [blog post](#) from FRB-NY staff finds that changes in repurchases account for almost all of the movement in bank shareholder payout since the pandemic and that the greater volatility of repurchases relative to dividends reflects long held trends. This is because changes to repurchases are more discretionary than "highly visible" dividend changes. The post also describes the flexibility of repurchases during the pandemic, noting a sharp drop at the start of Covid and Federal Reserve restrictions and a swift rebound when bank profits recovered and the restrictions were removed.

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](#).

- [GSE-010523a](#): FHFA's latest [scorecard](#) for Fannie, Freddie, and CSS reiterates Director Thompson's overarching objectives for Fannie and Freddie in the new era of equitable finance, CRT, and capital compliance.
- [GSE-010523](#): As we previously [noted](#), the U.S. banking agencies will finally, finally, finally get around to proposing their version of the Basel IV capital rules more recently dubbed the "end-game" standards.
- [CRYPTO37](#): The Basel Committee has finalized its second try at global standards governing bank

cryptoasset exposures, laying out a path that U.S. agencies plan quickly to implement even as Congress continues to wrestle with this fast-changing sector.

- **[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.