



FedFin Daily Briefing

Thursday, February 2, 2023

Scott Seeks Innovation, Competitiveness, Responsibility, Administrative Neutrality

Announcing his priorities for this [Congress](#), Senate Banking Ranking Member Tim Scott (R-SC) struck the guarded stance in favor of bipartisan cooperation expressed [yesterday](#) by HFSC Chairman McHenry (R-NC). His top priority is increasing credit availability, with a mention of global competitiveness suggesting perhaps some interest in the Basel proposals as well as the need to advance fintech expressly mentioned in his release. Like Rep. McHenry, Sen. Scott also highlights regulatory accountability; unlike the HFSC chairman, he cannot call hearings to achieve this although he can of course ask committee witnesses pointed questions. He also favors a “bipartisan regulatory framework” for digital assets, implying he joins Chairman Brown in pressing for new rules, not new law. Sen. Scott also wants to advance financial literacy, responsible home ownership, national security, and spending reductions.

GAO Presses Need For MMF Reform

As required by the CARES Act, the GAO today issued a [study](#) on the March 2020 MMF runs that led the SEC to propose reforms last February ([see FSM Report MMF19](#)). It finds that the SEC’s current MMF liquid assets rules ([see FSM Report MMF13](#)) not only failed to prevent MMF runs during the pandemic, but also may have contributed to them by encouraging preemptive MMF share redemption. It also finds that, even though no MMF imposed a fee or gate in March 2020, their possibility likely contributed to redemption incentives. The report also summarizes comments on the SEC’s proposal, noting contrasting views on the impact of its controversial swing-pricing requirements. Stakeholders generally supported increasing liquidity requirements, although many MMFs and industry associations expressed concerns that the proposed requirements were too stringent. In addition, commenters noted that removing the link between redemption gates and fees and minimum liquid asset thresholds could reduce run risk.

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](#).

- **[CHARTER29](#)**: In conjunction with rejecting an uninsured crypto bank’s application for Federal Reserve membership, the Federal Reserve issued a policy statement conforming state member bank powers only to those authorized for national banks even if the state member is an uninsured depository institution.

- **[CONSUMER49](#)**: Using one of its controversial edicts to set what some consider a new rule, the CFPB has opined that negative-option or “subscription” marketing of consumer-financial products or services may be unfair, deceptive, or abusive (UDAAP) and thus subject to significant sanction for both the provider and any third parties with which it works.
- **[GSE-012323](#)**: Under Director Thompson, FHFA’s top policy priority is [equitable housing](#).
- **[CONSUMER48](#)**: Building on its proposed nonbank registry related to enforcement orders, the CFPB is now also proposing a public registry requiring posting of provisions in consumer-finance contracts the agency believes threaten consumer legal or free-speech rights when issued by supervised nonbanks.
- **[GSE-011923](#)**: We will shortly send clients an in-depth analysis of the CFPB’s latest controversial [proposal](#) which would establish a public registry on which supervised nonbanks would file a lot of data on any form contracts they require which includes covered provisions the Bureau thinks unfairly and even dangerously lead consumers to abandon important protections.
- **[CRYPTO38](#)**: Karen Petrou’s [memo](#) earlier this week and her comments to the [American Banker](#) about Silvergate have sparked many client questions.
- **[GSE-011123](#)**: As the Fed has hiked interest rates, mortgage rates have of course also gone up, sending a sudden chill through the residential market and putting home ownership even more out of reach for all but those for whom the home equity they still have after prices correct suffices for long-term wealth accumulation.
- **[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.