



FedFin Daily Briefing

Tuesday, March 28, 2023

CFPB Expands Scope of State Law

Reaffirming its [preliminary determination](#), the CFPB today [concluded](#) that business-loan disclosure laws in several states are not preempted by TILA. This continues the Bureau's reversal of prior preemption determinations from the OCC that gave national banks considerable protection from more stringent state standards. The grounds on which the CFPB did so in this case are that TILA is expressly intended for consumers and those state laws now allowed to stand cover businesses and "entrepreneurs" who are not consumers. The Bureau also opined that TILA is only preempted for consumers or other parties when there is a "conflict of interest;" this was not found here to apply.

Global Regulators to Review Resolution Process

In an unusual [plenary statement](#) following a previously-scheduled meeting today, FSB members stated that recent events warrant review of the global resolution framework. The statement is brief and does not indicate how or when this might proceed, but – as noted in our previous report on CS-s failure's fallout ([see Client Report GSIB21](#)), we expect a hard look at TLAC as well as renewed interest in ring-fencing. The statement otherwise congratulates the FSB's prior work on financial resilience and pledges ongoing monitoring.

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](#).

- [REFORM217](#): Today's Senate Banking hearing was extremely well-attended by Senators on both sides of the aisle clearly looking first to understand what precipitated recent bank failures, who is to blame, and what should be done next.
- [RESOLVE50](#): As [noted yesterday](#), the FDIC's recent rescues have had several unusual features with implications not only for future policy, but also for pending special assessments to replenish the DIF for the \$22.5 billion estimated costs to the Deposit Insurance Fund.
- [RESCUE79](#): Recent editorials and other media have often said that the FRB and/or FDIC have powers or taken actions that is not the factual case as we understand it.
- [GSIB21](#): In this report, we assess the implications of recent events on two assumptions underlying current U.S. and global policy affecting GSIBs and those considered domestic SIBs: first, all are likely to be well insulated from illiquidity and/or insolvency and, when this is not the case, then orderly resolution without taxpayer bailout can be readily deployed.
- [LIQUIDITY33](#): Among the most vexing issues in the wake of SVB's failure is the extent to which social media may have led to the first "viral run," a run akin to the meme-stock volatility that lead the SEC and

others to fear a new form of “flash-crash” risk.

- [GSE-032023](#): In this report, we build on FedFin’s in-depth reports about recent bank failures to detail new risks for all of the innocent bystanders in the U.S. mortgage market along with a not so-innocent bystander: the Federal Home Loan Banks.
- [REFORM216](#): In this report, we continue our policy postmortem of SVB/SBNY and, now, so much more.
- [DEPOSITINSURANCE118](#): As promised in our first post-SVB impact assessment ([see Client Report RESOLVE49](#)), this report begins a series of analyses of specific policy issues.
- [RESOLVE49](#): As we [noted last night](#), the President concurred with Treasury, the Fed, and FDIC in [deciding](#) that SVB’s Friday failure and [imminent runs on Signature Bank](#) and, most likely, others posed a systemic risk.
- [GSE-030923](#): As detailed in our reports earlier this week on Powell’s appearance before [Senate Banking](#) and [HFSC](#), much was said about the pending rewrite of big-bank capital standards.
- [FEDERALRESERVE73](#): At today’s HFSC hearing, Chairman Powell modulated his hawkish stance just a bit, continuing as he long has done to refuse to take a stand on fiscal policy while advocating for rapid debt-limit action.
- [FEDERALRESERVE72](#): Although Chairman Powell’s testimony kept exclusively to monetary policy, today’s Senate Banking hearing seemed only to go through the motions set at previous hearings with regard to inflation, growth, and the Fed’s long-term objectives.
- [GSE-030123](#): A recent FRB-Atlanta [study](#) finds that closing the racial homeownership gap alone would not redress housing market racial disparities because minority homeowners cannot equitably access home equity and thus enjoy comparable access to the economic opportunities afforded by homeownership.