



HFSC GOP Press Crypto Rewrites

The HFSC majority [memo](#) for Tuesday's full committee hearing on digital assets reinforces Chairman McHenry's (R-NC) determination to press ahead with legislation redesigning the federal crypto-regulatory ecosystem. As noted, the [draft bill](#) constructed with House Ag is generally unacceptable to HFSC Democrats, ensuring a more acrimonious hearing than last week's Ag session. The witnesses all represent the private sector and generally support the new bill. The memo outlines the GOP's view of current law and rule, also building a record for action on long-stalled stablecoin [legislation](#). This draft bill is also on the hearing's agenda.

OCC Launches Consumer-Trust Campaign

The OCC last night launched a new customer-trust initiative with a [new survey proposal](#) and RFI. In accompanying [remarks](#), Acting Comptroller Hsu emphasized that consumer trust in banks must be earned by banks that responsibly and fairly use their market power. Bolstering this new campaign, Mr. Hsu also argues that consumer trust reduces reliance on higher-risk nonbanks and gives banks the funding with which to provide through-the-cycle community lending. For its part, the OCC is working to finalize the longstanding CRA rewrite ([see FSM Report CRA32](#)), with Mr. Hsu noting the need through these rules and the OCC's recent fair-lending [rewrite](#) to ensure fairness and LMI-household access to national banks. The agency's new [overdraft guidance](#) is also cited as is work to end [appraisal bias](#). The RFI not only seeks views on how best to conduct the new survey, but also on how to consider consumer trust and enhance it. Mr. Hsu's comments say the comment periods runs through August, but the *Federal Register* notice sets this at October 10.

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](#).

- [VENDOR10](#): After frequently citing third-party relationships and outsourcing as worrisome risk, the banking agencies have now finalized guidance first proposed in 2021 to govern them.
- [GSE-060823](#): As we will detail in a forthcoming in-depth report, the banking agencies' new "guidance" on third-party vendors essentially brings all nonbank counterparties with whom banking organizations deal under the agencies' enforcement thumb.
- [COMPENSATION36](#): Sen. Warren (D-MA) has introduced a revised version of legislation to ensure that both the FDIC and other federal banking agencies can demand that executives and others governing failed banks refund direct and indirect compensation to the federal government.
- [GSE-060223](#): As we detailed earlier this [week](#), the OCC's new enforcement [policy](#) is a paradigm shift in terms of the legal and reputational risk run by national banks and federal thrifts – that is, by the depository institutions that matter the most to mortgage finance.
- [CHINA17](#): While largely focused on countering fentanyl, today's Senate Banking hearing on China, saw Committee Democrats try to ascertain the details of a potential outbound investment [executive order](#) and

Republicans addressing what they believe to be shortcomings in data privacy, AML regulation, and sanctions policy.

- **[SUPERVISION2](#)**: Following a speech earlier this year by the Acting Comptroller arguing that some banks are “too big to manage” and the furor caused by recent failures, the OCC has significantly revised its enforcement policy.
- **[GSE-052323](#)**: Today’s HFSC hearing with Sandra Thompson was the anti-LLPA event we [anticipated](#) when it came to Republicans that also saw the stout defense Democrats were sure to provide combined with FHFA’s resolute stand on doing nothing to change the LLPAs or guarantee-fees beyond what might come of the pending [RFI](#).
- **[REFORM226](#)**: Describing the CEOs’ statements at his last hearing as “the dog-ate-my-homework” excuses for grievous failings, Senate Banking Committee Chairman Brown (D-OH) also attacked Republicans for placing blame on monetary policy, not the culture of supervisory laxity he details with various quotes from Trump Administration officials.
- **[CRYPTO44](#)**: Although there were still considerable party-line differences of opinion on stablecoin legislation, today’s HFSC Digital-Assets Subcommittee hearing suggests that remaining divides are narrowing, increasing the odds of a new federal-regulatory framework.
- **[GSE-051723](#)**: With Republicans on the anti-LLPA warpath, FHFA is hoping to preserve as much of the current fee structure as possible without paying too high a political price, issuing a [request for information](#) (RFI) in hopes that letter-writing will keep everyone busy until Congress moves on to other matters.
- **[REFORM225](#)**: A joint hearing today of HFSC’s Financial Institutions and Oversight Subcommittees expanded on themes at yesterday’s full Committee session with bank regulators ([see Client Report REFORM224](#)) and Senate Banking’s session with SVB’s and SBNY’s [CEOs](#), with First Republic’s CEO now added to the Congressional firing line.
- **[REFORM224](#)**: In their first appearance following the reports on recent failures, FRB Vice Chairman Barr and FDIC Chairman Gruenberg were harshly criticized by Republicans for both the bank failures and recommended remedies.
- **[DEPOSITINSURANCE120](#)**: As the law requires and the FDIC Chairman promised after SVB and Signature Bank were declared systemic, the FDIC has now proposed a special assessment to compensate the Deposit Insurance Fund (DIF) for the cost of backing the two banks’ uninsured deposits.
- **[CRYPTO43](#)**: Today’s joint HFSC-House Ag hearing on assessing crypto’s regulatory gaps saw bipartisan calls for Congressional action, but none on what that should be done.