



Waters Forum On Deposit-Insurance Reform Focuses On Flexibility

HFSC Ranking Member Waters (D-CA) Friday hosted a roundtable on deposit insurance reform with a panel of industry experts and a legal scholar. In addition to bolstering [clawback](#) legislation and commending the FDIC's deposit insurance reform report ([see Client Report DEPOSITINSURANCE119](#)), the Ranking Member emphasized strengthening depositor protections and raised concerns about the implicit guarantee at the nation's largest banks. Although she defended regulators' use of the systemic exception after recent bank failures, she also argued that the deposit insurance system should be strengthened to prevent regulatory reliance on emergency authorities, also noting that unlimited deposit insurance and an associated expansion of the DIF would be resisted by Republicans. She also sought input on targeted coverage expansion. Alison Touhey, Senior Vice President of Bank Funding Policy at the ABA, emphasized the idiosyncratic nature of recent bank failures and argued that the FDIC and banking agencies should be as flexible as possible to make quick, targeted resolution decisions. Jenna Burke of ICBA cautioned against deposit insurance reforms that could negatively impact community banks or reinforce TBTF, arguing that Congress should give the FDIC more finely-calibrated resolution tools. Rep. Foster (D-IL) said that deposit flows should be measured in real time to mitigate electronic-run risk, suggesting that the deposit insurance limit be raised to reflect inflation and economic growth; witnesses noted that FSOC could consider real time monitoring of money flows and emphasized that the deposit insurance limit should not change too frequently to prevent confusion and additional costs.

Bowman Blasts Barr Agenda, Cautiously Open to End Game

In remarks [yesterday](#), FRB Governor Bowman continued her campaign against new capital rules, urging regulators instead to focus on liquidity and supervision. While Gov. Bowman does not necessarily oppose the end-game rules, she wants at least a 120-day comment period, longer than the ninety days FDIC Chairman Gruenberg [promised](#) last week. She also opposes more gold-plating, suggesting it is time to repeal the Collins Amendment ([see FSM Report CAPITAL180](#)). Also countering Mr. Gruenberg, Gov. Bowman wants a review of the impact of new capital rules on the likelihood of a still larger role for nonbanks. She also repeated her demand for an independent third-party review of the SVB failure, questioning not only the scope and timing of the Barr report ([see Client Report REFORM221](#)), but also its impartiality. Further, Ms. Bowman took aim at assertions that Quarles-era reforms led to a "culture" of poor supervision at the Fed. She does, however, support heightened supervision, especially when it comes to novel risks in order to avoid regulatory voids.

FRB Withdraws Reserve Bank Registry Proposal

The *Federal Register* today published a [notice](#) from the FRB announcing that the Board is withdrawing proposed amendments ([see FSM Report PAYMENT26](#)) to its Account Access Guidelines that would have required Reserve Banks to publish periodic lists of depository institutions with access to Reserve Bank accounts. The Board does so because the Fed recently [published](#) the first such database as required by law.

Waters Recruits Treasury, SEC To Block GOP Crypto Bill

Ahead of HFSC mark-ups on digital assets legislation next month ([see Client Report FEDERALRESERVE74](#)), Ranking Member Waters (D-CA) today sent [letters](#) to Treasury Secretary

Yellen and SEC Chairman Gensler asking for analyses of the draft digital assets market structure [bill](#) strongly opposed by Democrats. Doubtless expecting the agencies to buttress Democratic concerns, Rep. Waters seeks Treasury's input on financial stability and conflicts between the bill and FSOC reports on digital assets. The SEC is asked about the Commission's existing authority especially with regard to investor protection. Both agencies are asked for views on alternatives that could better address the bill's concerns, with responses requested by June 30 in light of mark-ups likely shortly after the July 4 recess.

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-062223**: A [Bloomberg article](#) tells a fascinating tale of high-flying personal real-estate investment and other alleged acts of self-dealing at the expense of the seemingly-hapless Federal Reserve Bank of San Francisco.
- **FEDERALRESERVE74**: Chairman Powell's HFSC appearance today led to unusually substantive discussion of pending financial-policy actions.
- **GSE-061523**: The FHFA's [report to Congress](#) this year was eagerly awaited to see if it shed any insight into what FHFA might do after its listening [sessions](#) and Sandra Thompson's [promise](#) to do something sometime soon about the Home Loan Banks.
- **CONSUMER51**: With Rep. Andy Barr (R-KY) leading the attack with an accusation of CFPB "McCarthyism," today's HFSC hearing with Director Chopra tracked much in yesterday's Senate Banking [session](#).
- **REFORM227**: Treasury Secretary Yellen was pressed at today's HFSC hearing to comment on pending bank capital standards, the scope of FDIC coverage, and failed-bank resolutions.
- **CONSUMER50**: Reflecting Acting Comptroller Hsu's focus on consumer protection, fairness, and inclusion, the OCC is seeking views on what could become an annual survey of what consumers and especially bank customers think of their bank.
- **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.

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- **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.