



Wednesday, October 18, 2023

## **Treasury Responds to Hamas Sanctions Pressure, More to Come**

Reflecting ongoing and high-impact Congressional pressure, OFAC today sanctioned ten Hamas terrorist group members, operatives, and financial facilitators including the virtual currency exchange service known as Buy Cash. This follows comments by Treasury Under-Secretary Brian Nelson last night indicating that Hamas may be raising funds via social media to leverage U.S. peer-to-peer payment providers and credit card networks, calling on “various” institutions to report suspicious activity as well as social media posts, account numbers, and virtual currency wallet addresses. This policy anticipates but will not block an array of legislative initiatives.

A far broader group of senators than ever before led by Sens. Warren (D-MA) and Marshall (R-KS) yesterday [sent](#) the White House a stern letter demanding prompt information on Hamas’s funding and the statutory or other tools the Administration needs to curtail it; a response is requested by October 31. Sen. Brown (D-OH) is now a signatory to this effort, of which he was previously wary, with a markup and hearings now likely in the next two weeks. [As noted](#), HFSC is also rushing many Iran and Hamas sanctions bills, planning to move these as quickly as possible once the speakership battle is resolved at least enough to permit regular order to proceed.

## **CPMI Wants Faster Payments**

The BIS Committee on Payment and Market Infrastructures today submitted an interim [report](#) to the G20 with ten initial considerations regarding the structure, design, and oversight of interlinking arrangements for fast payment systems. Key considerations include alignment of strategic and economic priorities across jurisdictions as well as long-term vision and objectives among private and public sector FPS owners; a design framework that contemplates interdependencies between ownership structure and legal setup; governance arrangement scalability and flexibility; a clear path towards business viability; and oversight. Key questions for stakeholder and central bank feedback revolve around a range of governance and oversight issues, including the applicability of existing frameworks and how best to promote commercial viability. CPMI promises a final report by the end of 2024; there is no deadline for formal comments.

## **Treasury Reiterates CBDC Interest**

Treasury International Affairs Under-Secretary Jay Shambaugh yesterday [stated](#) that Treasury has a “complementary role” in addressing CBDC’s role in the payment system, reinforcing the likelihood that Treasury continues to press the FRB to go farther into CBDC than the Fed seems willing to do ([see Client Report CBDC14](#)). Mr. Shambaugh also pressed for new macroprudential tools to address liquidity shocks such as those following SVB, noting in particular that failure to address liquidity risk in novel payments may introduce additional friction in cross-border payments. He also defended the U.S. against assertions that it does not have counter-cyclical GSIB regulation by pointing to stress testing and commented on FSOC’s pending systemic standards without making clear when they will be finalized ([see FSM Report SIFI35](#) and [FSM Report SYSTEMIC95](#)).

## **Senate Sides with Industry versus CFPB Small-business Reporting**

Despite a [veto threat](#) from the White House, the Senate today voted 53 to 44 to authorize Congressional Review Act withdrawal of the CFPB's small business [reporting rule](#). Despite an [appeal](#) from Chairman Brown (D-OH), Sens. Manchin (D-WV), Hickenlooper (D-CO), and Tester (D-WY) voted in favor of the resolution. House passage is certain when the House resumes regular order, but the veto threat ensures that the CFPB rule will stand unless the Bureau decides to revise it at some future point under a new director.

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## Recent Files Available for Downloading

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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](http://www.fedfin.com) or clients may obtain the reports/analyses by e-mailing [info@fedfin.com](mailto:info@fedfin.com) giving the requested item name, firm, and e-mail address. To learn more about *GSE Activity Reports*, click [here](#).

- [DEPOSITINSURANCE122](#): Bipartisan senators have introduced legislation to provide FDIC coverage for certain noninterest-bearing transaction accounts, a move designed to prevent the stress and potential systemic risk evident when Silicon Valley and Signature Banks failed in March.
- [GSE-101723](#): [As we noted](#) earlier this month, the Federal Reserve inserted a significant capital provision for credit-linked notes in an otherwise-obscure FAQ.
- [GSE-101623](#): The White House today rolled out a [new housing plan](#) that smacks mightily of many old housing plans.
- [GSE-101323a](#): With smaller lenders [today](#) joining MBA, NAR, and HomeBuilders' [campaign](#) to squeeze the 30-10 spread, we take a look at the odds the White House, Fed, or Treasury will do as hoped.
- [GSE-101323](#): As we noted yesterday, OMB's Office of Information and Regulatory Affairs (OIRA) has pronounced a new pro-competition standard for all existing and prospective federal regulations.
- [CONSUMER52](#): Using its advisory process to issue guidance that may lead to enforcement actions, the Bureau has for the first time set standards for the obligations of large banks and credit unions to respond to certain consumer inquiries.
- [REFORM228](#): As we [noted](#) yesterday, the Basel Committee's October meeting concluded not only with plans for new disclosure consultations, but also a [report](#) on lessons learned from the 2023 crisis.
- [GSE-100223](#): As we noted earlier today, the FRB has issued a seemingly technical [FAQ](#) liberalizing the treatment of certain credit-linked notes.
- [GSE-092523](#): In her Congressional [testimony](#) last week, FedFin managing partner Karen Petrou focused on the unintended consequences wrought by new banking proposal based on their cumulative impact.
- [GSE-092023](#): Or maybe it is, but not everyone has heard.

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