



Monday, October 23, 2023

HFSC Plans Fintech-Friendly Legislation

Wednesday's HFSC Digital Assets Subcommittee hearing on electronic payments will consider the state of various electronic payments offerings and lay the groundwork for several GOP measures to override current standards or give providers greater leeway. As a result, these bills are unlikely to advance in the Senate. Measures to be covered include a bill to be introduced by Rep. Steil (R-WI) to create a federal framework for the earned-wage lending programs the CFPB has [recently criticized](#). Another as-yet-unintroduced bill would allow financial "innovators" to petition regulators for safe harbors from applicable rules – i.e., achieve the sandbox treatment Biden Administration agencies have been unwilling to afford. Other measures would require federal financial agencies to submit reports to Congress about the extent to which they have adopted innovative technologies (i.e., regtech and suptech) and mandate CFPB and GAO studies of BNPL transactions.

HFSC Plans Sanctions Review

As anticipated, Wednesday's HFSC National Security hearing on Middle East sanctions will consider an array of bills designed to punish Iran, sanction Hamas, and – at least as far as Republicans plan – criticize the Biden Administration for actions such as agreeing to release \$6 billion to Iran in exchange for several hostages. We have noted many of the bills on which a record will be built in prior client alerts, with the panel planning for example to advance H.R. 5923, a Lawler (R-NY) bill to extend current secondary sanctions related to Iran to all transactions with Chinese financial institutions and sanctioned Iranian banks related to oil purchases. Bills yet to be introduced address matters such as reporting on Iran-leadership asset holdings and Hamas financing sources and the \$6 billion ransom. Unlike the measures to be advanced at Senate Banking's hearing on Thursday, this hearing will not address Hamas's use of digital assets beyond the overarching study noted above nor anything akin to the Warren-Marshall [bill](#) going after crypto more generally for AML and sanctions violations. This reflects HFSC's considerably greater sympathy for cryptoassets and unwillingness to restrict them in general rather than with specific regard to Hamas.

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-102323](#): As noted in our report [earlier today](#), the Federal Reserve's latest financial-stability [report](#) expresses deep misgivings about complex securitizations.
- [SYSTEMIC97](#): As [promised](#), this in-depth report assesses Friday's semiannual financial-stability report from the Federal Reserve.
- [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.