



FedFin Weekly Alert

Monday, November 13, 2023

Federal Financial Analytics' weekly report will be abbreviated this week due to the U.S. Veterans Day holiday. In-depth analyses of weekly developments will resume on Monday, November 13.

Headlines From the Past Week's Daily Briefings

November 6

- **FRB-NY Finds Bank Vulnerabilities Worrisome, But Manageable** - Federal Reserve Bank of New York staff [released](#) their latest assessment of the U.S. banking system's vulnerability, updating its methodology now to include unrealized losses – clearly a lesson the FRB-NY analysts learned the hard way earlier this year.
- **Cook Points to Emerging Systemic Worries** - FRB Gov. Lisa Cook [said](#) that the U.S. financial system is considerably more robust than it was in the mid-2000s, basing her analysis on the Fed's most recent financial-stability assessment ([see FSM Report SYSTEMIC95](#)).

November 7

- **Treasury Advances Financial-Inclusion Agenda** - In conjunction with its [read-out](#) of an earlier meeting of its most recent financial-inclusion discussion group, Treasury announced that it will shortly release a request for information about how best to accomplish the national financial-inclusion strategy demanded in the Department's FY23 appropriations.
- **HFSC GOP Challenges Motives, Process of Basel, NGFS Standard-Setting** - [As anticipated](#), the Financial Institutions Subcommittee hearing on global banking accords was acrimonious, with Republicans strongly attacking what they characterized as Democratic agency head's participation in a range of global banking accords as well as the Network for Greening the Financial System.
- **CFPB Proposes to Extend its Supervisory Reach to Tech-Payment Providers** - The CFPB [proposed](#) a sweeping rule bringing tech-platform or fintech companies offering general-use digital-payment services under bank-like consumer-protection standards via more direct CFPB supervision.
- **Bowman Stands by Basel** - Perhaps due to HFSC's hearing on global accords, FRB Gov. Bowman went [beyond](#) her ongoing critiques of pending [rules](#) to defend participation in the Basel Committee and other forums.

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- **FHFA Starts FHLB Redesign** - FHFA [released](#) its long-awaited assessment of the Federal Home Loan Banks, laying out an ambitious program of supervisory, regulatory, and statutory issues.
- **McHenry Slams CFPB Digital-Payment Proposal** - HFSC Chairman McHenry (R-NC) [slammed](#) the CFPB not for usual causes, but because he believes the agency's proposed supervisory [standards](#) for nonbank general-use digital-payment providers will "entrench the status quo" – i.e., the role of banks – by eliminating consumer choice and impeding innovation.

November 8

- **BIS: No Stablecoin Peg Has Held** - Ahead of HFSC Chairman McHenry's [push](#) for new stablecoin legislation, the BIS issued a [report](#) looking at 68 stablecoins and found that not a single stablecoin tied to fiat-currency or similarly-robust assets sustained parity with its peg at all times, regardless of size or type of backing.
- **Gruenberg, Barr Say Agencies Must Work With Banks to Implement CRA Standards** - Commenting on CRA, FDIC Chairman Gruenberg indicated that he is looking forward to working with banks to "figure out" how to make the rule work in critical areas such as the retail-lending and community-development lending tests.

November 9

- **Bowman Outlines Capital-Comment Priorities** - In [remarks](#), FRB Gov. Bowman reiterated many of her longstanding concerns regarding pending [bank rules](#), going on now to lay out key points on which she believes comment are warranted on the capital standards.
- **OMB Now Demands Distributional Analytics** - Following its [order](#) to federal agencies now to consider competitive-impact in regulatory assessments, OMB's Office of Information and Regulatory Affairs (OIRA) [issued](#) new standards also demanding distributional-impact analyses.
- **HFSC Plans Sanctions Markup** - [As anticipated](#), HFSC is proceeding to [mark up](#) a raft of bills addressing Iran and broader sanctions questions.

This Week

Tuesday, November 14

Senate Banking Hearing entitled: "Oversight of Financial Regulators: Protecting Main Street Not Wall Street." [10:00 am, Dirksen Senate Office Building 538]. Witnesses: **The Honorable Michael Barr**, Vice Chair for Supervision, Federal Reserve; **The Honorable Martin Gruenberg**, Chair, Federal Deposit Insurance Corporation; **The Honorable Todd Harper**, Chair, National Credit Union Administration; and **Mr. Michael Hsu**, Acting Comptroller, Office of the Comptroller of the Currency.

HFSC Markup of National Security Legislation. [10:00 am, 2128 RHOB]. Matters to be discussed: the No U.S. Financing for Iran Act of 2023, the Iran-China Energy Sanctions Act of 2023, the Holding Iranian Leaders Accountable Act, the Iran Counterterrorism Act of 2023, the End Financing to Hamas and State Sponsors of Terrorism Act, the Freezing-HAMAS Act, the Revoke

Iranian Funding Act of 2023, the Iran Sanctions Accountability Act of 2023, the Armed Conflict Migration Act of 2023, the OFAC Licensure for Investigators Act, the Stopping Illicit Oil Shipments Act of 2023.

Wednesday, November 15

HFSC Hearing entitled: "Oversight of Prudential Regulators." [9:30 am, 2128 RHOB]. Witnesses: **The Honorable Michael Barr**, Vice Chair for Supervision, Federal Reserve; **The Honorable Martin Gruenberg**, Chair, Federal Deposit Insurance Corporation; **The Honorable Todd Harper**, Chair, National Credit Union Administration; and **Mr. Michael Hsu**, Acting Comptroller, Office of the Comptroller of the Currency.

HFSC Subcommittee on Digital Assets, Financial Technology and Inclusion Hearing entitled: "Crypto Crime in Context: Breaking Down the Illicit Activity in Digital Assets." [2:00 pm, 2128 RHOB]. Witnesses: TBD.

Future Events of Note

Wednesday, December 6

Senate Banking Hearing on the Oversight of the Nation's Largest Banks. [TBD]. Witnesses: **Mr. Jamie Dimon**, Chairman and CEO of JPMorgan Chase & Co.; **Mr. Brian Thomas Moynihan**, Chairman and CEO of Bank of America; **Ms. Jane Fraser**, CEO of Citigroup; **David Solomon**, Chairman and CEO of Goldman Sachs; **Robin Vince**, President and CEO of Bank of New York Mellon; **James P. Gorman**, Chairman and CEO of Morgan Stanley; **Ronald P. O'Hanley**, Chairman and Chief Executive Officer, State Street; and **Mr. Charles W. Scharf**, CEO and President of Wells Fargo & Company.

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](#).

- **[SYSTEMIC98](#)**: Rejecting the Trump Administration's hands-off approach to designating systemically-important nonbank financial institutions or activities and practices, the Biden Administration's FSOC has finalized its bifurcated proposals to designate systemic entities and another laying out an analytical approach to identifying systemic risk that would then guide firm and activity designation as well as Council staff coordination with primary federal regulators.
- **[GSE-110823](#)**: Although FHFA calls its [FHLB report](#) a centenary event ahead of the System's 2032 birthday, the agency clearly plans structural substantive reform well before that milestone.
- **[CLIMATE17](#)**: The banking agencies have joined together to issue inter-agency climate-risk guidance based on proposed standards from the FDIC, OCC and FRB.
- **[INTERCHANGE12](#)**: As suggested when the Fed last year finalized controversial new debit-card routing requirements, the central bank is now proposing a sharp reduction in the cap mandated

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on debit-card interchange fees under the Dodd-Frank Act's Durbin Amendment for debit-card issuers with over \$10 billion in assets.

- **[AI3](#)**: In this report, we assess the detailed [executive order](#) (EO) issued late Monday afternoon after days of private showings of selected versions.
- **[DATA4](#)**: Following a request for information that was a de facto advance notice of proposed rulemaking, the CFPB has now proposed a preliminary, but binding framework for consumer data rights covering consumer “transaction” accounts offered by banks, credit unions, and – a departure from the initial outline – nonbanks/fintechs.
- **[GSE-102323](#)**: As noted in our report [earlier](#), 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.