



FedFin Weekly Alert

Monday, November 27, 2023

In observance of Thanksgiving, FedFin's offices will be closed on Thursday, November 23 and Friday, November 24. Weekly report will be abbreviated this week. In-depth analysis of Weekly developments will resume on Friday December 1st. All of us at FedFin wish you a joyous Thanksgiving.

Headlines From the Past Week's Daily Briefings

November 20

- **Thompson: No Regulatory “Silos” in a Crisis** - Reiterating much in FHFA's sweeping FHLB [report](#), FHFA Director Thompson reinforced suggestions that FHLBs can avoid acting as lenders of last resort because there are no regulatory “silos” in a crisis.
- **IMF Reconsiders CBDC** - The IMF updated its CBDC work, [concluding](#) that it is prudent for most countries to consider CBDC implementation even though nations are increasingly hesitant to do so.
- **IMF: Nations Should Block Fintech Reg Arbitrage** - A new IMF [study](#) finds that Fintechs adversely affect bank profitability, concluding that “well-designed” fintech regulations are necessary to foster a level bank-fintech playing field.
- **House Opens New Front vs. FDIC** - Following an official HFSC [investigation](#) and a [raft](#) of letters from Democrats and Republicans, House Oversight Subcommittee on Health and Financial Services Chairwoman McClain (R-MI) along with Rep. Biggs (R-AZ) sent a letter to Chairman Gruenberg [requesting](#) briefings, documents, and communications regarding harassment and workplace practices.

November 21

- **BIS Study: Low-Profit GSIBs are High-Risk GSIBs** - A new BIS [paper](#) assesses the systemic consequences of GSIBs with low market capitalization, an issue with immediate relevance given investor concerns about the long-term earnings impact of numerous pending rules.
- **CFTC Realigns Client-Fund Segregation Standards** - The CFTC [proposed](#) to make significant changes to client-fund segregation rules governing futures commission merchants and derivatives clearing organizations covering both how FCMs and DCOs handle client funds and the manner in which they may be deposited with banks.
- **Basel Points to Problematic Climate-Risk Implementation** - The Basel Committee [issued](#) a “newsletter” addressing issues raised since it finalized global climate-risk management principles ([see Client Report CLIMATE14](#)), now codified for large U.S. banking organizations ([see Client Report CLIMATE17](#)).

Federal Financial Analytics, Inc.
2101 L Street, N.W. – Suite 300, Washington, D.C. 20037
Phone (202) 589-0880

E-mail: info@fedfin.com www.fedfin.com

© 2023. Federal Financial Analytics, Inc. All rights reserved.

- **FDIC Sets Up Special Committee to Address Widespread Concerns** - In a major concession surely necessary to appease at least some in Congress and ensure continuing agency function, the FDIC board [announced](#) formation of a special committee to be chaired by Acting Comptroller Michael Hsu and Director Jon McKernan.
- **CFPB Advances First Alternate-Disclosure Option** - The CFPB [announced](#) the first test in which lenders can experiment with consumer disclosures rather than being forced to use standard ones that may not suit a particular loan category.

November 22

- **Fed Study: CBDC Analysis Needs Work, but Public-Welfare Benefits are Likely** - A new FRB staff literature [survey](#) of CBDC analyses points to the wide variety of often-opposing findings relating to critical matters such as bank disintermediation and financial stability, attributing this in part to the different CBDC models under consideration in various nations.
- **Agencies Extend LTD Comment Period** - As implied at a recent hearing ([see Client Report REFORM229](#)), the agencies have now [delayed](#) the comment deadline on long-term debt ([see FSM Report TLAC9](#)).
- **HFSC GOP Plans Immediate FDIC-Workplace Hearings** - Clearly dissatisfied even though the FDIC's new [investigation](#) will proceed without Chair Gruenberg's involvement, HFSC Financial Institutions Subcommittee Chair Barr (R-KY) and Oversight Subcommittee Chair Huizenga (R-MI) [wrote](#) to Mr. Gruenberg demanding that he recuse himself from overseeing any independent investigation.

November 23

- No news of note.

November 24

- No news of note.

This Week

Wednesday, November 29

HFSC Hearing entitled: "The Semi-Annual Report of the Bureau of Consumer Financial Protection." [10:00 am, 2128 RHOB]. Witness: **The Honorable Rohit Chopra**, Director, Consumer Financial Protection Bureau.

Thursday, November 30

Senate Banking Hearing entitled: "The Consumer Financial Protection Bureau's Semi-Annual Report to Congress." [10:15 am, Dirksen Senate Office Building 538]. Witness: **The Honorable Rohit Chopra**, Director, Consumer Financial Protection Bureau.: 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](#).

- **[DEPOSITINSURANCE122](#)**: As the law requires and the FDIC Chairman promised after SVB and Signature Bank were declared systemic, the FDIC has finalized its proposed approach to imposing a systemic assessment to reimburse the Deposit Insurance Fund (DIF) for the resolution costs related to uninsured deposits following a systemic designation.
- **[GSE-111623](#)**: As our reports on the [Senate](#) and [House](#) hearings with bank regulators made clear, [our prediction](#) that the agencies would compromise on mortgage risk-based capital requirements will prove itself in the final standards.
- **[REFORM230](#)**: Following yesterday's Senate Banking hearing ([see Client Report REFORM229](#)), today's HFSC session with top bank regulators again highlighted growing bipartisan consternation over the unintended consequences of the agencies' capital proposal ([see FSM Report CAPITAL230](#)).
- **[PAYMENT27](#)**: Building on its director's longstanding focus on fintech and tech-platform companies, the CFPB has proposed to extend its supervisory reach to nonbank providers of general-use digital payments services.
- **[REFORM229](#)**: Today's Senate Banking hearing with top bank regulators showcased broad bipartisan concern over the interagency capital proposal ([see FSM Report CAPITAL230](#)).
- **[SIFI37](#)**: In concert with finalizing a new systemic-risk methodology, the Financial Stability Oversight Council issued guidance that significantly rewrites the manner in which nonbanks are designated as systemically important financial institutions (SIFIs), largely retaining its initial proposal.
- **[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 on debit-card interchange fees under the Dodd-Frank Act's Durbin Amendment for debit-card issuers with over \$10 billion in assets.