



Thursday, November 9, 2023

## **Bowman Outlines Capital-Comment Priorities**

In [remarks today](#), 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. These include the appropriate total capital rules necessary to keep banks safe, calibration of the market-risk rule, the higher-of dual-stack approach and its “inefficiency,” the “punitive” treatment of fee income, and the “missed opportunity” to review the leverage ratio.

## **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) [today](#) issued new standards also demanding distributional-impact analyses. As Karen Petrou's [memo](#) this week made clear, it is our view that these are singularly and unfortunately absent from those accompanying the recent spate of banking proposals. As with OIRA's competition protocol, independent federal agencies such as the FRB, FDIC, and OCC need not adhere to OIRA's distributional requirements, but they nonetheless often take them into consideration and reflect them in public statements due to the importance of staying on Treasury's and the White House's good side.

OIRA's new circular applies to new proposals as well as those that rescind or modify existing standards. It stipulates that agencies are to use quantitative data where possible as well as qualitative analytical tools to maximize net benefits now including potential economic, environmental, public health and safety, and other advantages along with distributive and equity impacts unless a statute requires another regulatory approach.

## **HFSC Plans Sanctions Markup**

[As anticipated](#), HFSC is proceeding next Tuesday to [mark up](#) a raft of bills addressing Iran and broader sanctions questions. Among the bills is one from Reps. Vargas (D-CA) and Hill (R-AR), H.R. 6245, to require Treasury to report on financial institution's involvement with Iranian officials. A draft bill would require OFAC to develop a licensing program for private firms to conduct nominal transactions with sanctioned entities. Other, more partisan bills are meant to take the Administration to task for agreeing to ransom hostages for \$6 billion even though these funds now are frozen. We expect additional measures to be added to the mark-up list and will advise clients accordingly.

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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](#).

- **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.
- **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 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.