



Wednesday, November 15, 2023

HFSC Advances Sanctions Bills

HFSC yesterday [reported](#) an array of Hamas-sanctions related measures, extending its reach to Iran, China, and other nations deemed to support Hamas. Bipartisan bills with some hope of advancing include measures to require Treasury to report on financial institution's involvement with Iranian officials (H.R. 6245), mandate that OFAC develop a licensing program for private firms to conduct nominal transactions with sanctioned entities (H.R. 6370), and to expand secondary sanctions to Chinese banks financing the purchase of Iranian oil (H.R. 5923). Bipartisan bills would also require the President to issue regulations ensuring humanitarian sanctions exemptions do not facilitate additional terrorism (H.R. 6015), direct Treasury to instruct US Executive directors at IFIs to provide financial assistance to countries receiving an influx of refugees (H.R. 6367), and require insurance companies to include shipping coverage termination clauses that would be triggered when a flag state withdraws a vessel's registration (H.R. 6765). Partisan measures that advanced include requiring Iran to cease support of terrorism as a condition for removing secondary sanctions (H.R. 6323), requiring Treasury to submit an analysis of Hamas funding sources and prohibiting Treasury from using the Exchange Stabilization Fund to fund Iran (H.R. 6322), and reversing key terms of the \$6 billion ransom payments and blocking future agreements (H.R. 5945).

Basel Tackles Digital Fraud

The Basel Committee has released a [discussion draft](#) seeking views on supervisory and financial-stability implications of digital fraud. Discussion papers of this sort are often precursors to more formal standards, and this one appears to be no exception. While Basel seeks comment on broad questions such as the definition of digital fraud, it also wants views on the prevalence of digital fraud as commenters choose to define it and resulting risks. Basel also seeks views on how digital-fraud problems conform to its remit, an issue raised by the extent to which remedies to external digital fraud – the report's focus – are often the principal province of law enforcement, not bank regulators and supervisors. The paper focuses almost exclusively on retail fraud, although aspects of it also apply to wholesale malfeasance. Comments are due by February 16; an in-depth FedFin report follows.

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](#).

- [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.
- **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.