



FedFin Weekly Alert

Monday, December 25, 2023

Federal Financial Analytics' Weekly report will be abbreviated this week due to the holidays. In-depth analyses of weekly developments as well as Karen Petrou's weekly memo will return in the new year. All of us at FedFin wish you a joyous holiday season.

Headlines From the Past Week's Daily Briefings

December 18

- **House Dems Press Tax-Equity Bond Capital Fix** - Emphasizing their strong support for the capital proposals, 107 Democratic lawmakers led by Rep. Sean Casten (D-IL) have sent a [letter](#) to Chair Powell, Chair Gruenberg, and Acting Comptroller Hsu again asking for revised treatment for clean energy tax-equity bonds.
- **Updated GSIB Indicator Amounts Now Effective** - The Fed [published](#) updated Aggregate Global Indicator Amounts pursuant to its GSIB surcharge rule ([see Client Report GSIB5](#)).
- **FSB Finds U.S. NBFIs Assets Continue to Dwarf Banks** - The FSB released its 2023 Global NBFIs monitoring [report](#), finding that NBFIs continue to hold a larger percentage of financial assets than banks in the U.S.
- **DOJ/FTC Stand Firm on New Anti-Concentration Merger Policy** - Justice and the FTC [released](#) the final version of new merger guidelines, softening but not clearly weakening the agencies' draft ([see FSM Report MERGER12](#)).
- **Warren, Allies Attack Hsu's Preemption Policy** - Making it clear that Acting Comptroller Hsu will have challenges from Democrats should the White House ever nominate him as Comptroller, seven Democrats led by Sen. Warren (D-MA) sent him a [letter](#) accusing the agency of overstepping and abusing its preemption authority.
- **McHenry Asks CFPB to Change Open-Banking Secondary Data Approach** - HFSC Chairman McHenry (R-NC) sent a comment [letter](#) to CFPB Director Chopra reiterating the support expressed at a recent hearing ([see Client Report CONSUMER53](#)), for the agency's open banking proposal ([see FSM Report DATA4](#)), but now asking for changes related to secondary data.

December 19

- **Senate Bill Would Force FSOC to Go Beyond AI Talk** - Sen. Mark Warner (D-VA) now joined by Sen. Kennedy (R-LA) [introduced](#) S. 3554, legislation focused on the AI risks also identified by FSOC in its most recent annual report ([see Client Report FSOC29](#)).

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- **IOSCO Releases DeFi Policy Recommendations** - The IOSCO released its final [report](#) on decentralized finance with a series of policy recommendations aimed at investor protection and market integrity.

December 20

- **CFPB Small-Business Reporting Reg Remains** - In conjunction with his expected veto of legislation that would have overturned the CFPB's small-business reporting [rule](#), President Biden [indicated](#) that the Bureau's rule is central to CRA implementation and would bring transparency to small-business lending.
- **FSB, IOSCO Try Get-Tough Approach to OEF Illiquidity** - As [promised](#), the FSB and IOSCO finalized recommendations designed to enhance OEF resilience.
- **HFSC GOP Demands CFPB Nonbank Delay, Clarification** - HFSC Chairman McHenry (R-NC) and nineteen Committee Republicans [sent](#) a letter to CFPB Director Chopra urging the Bureau to extend by thirty days the comment deadline for its proposal to supervise large nonbank payment providers ([see FSM Report PAYMENT27](#)).
- **FERC Passive-Ownership Inquiry Poses Challenges to Funds, Banks** - The Federal Energy Regulatory Commission has opened another avenue scrutinizing the extent to which large asset managers may control the companies in which they invest.
- **FDIC Approves Significantly Revised Sign, Advertising Standards** - The FDIC Board unanimously approved a final rule modernizing requirements for use of the FDIC's official sign and clarifying what constitutes misrepresentation and misuse of the FDIC's name or logo.

December 21

- **OFR Nomination Scuttled** - Although Sen. Jack Reed (D-RI) recently called for his [confirmation](#), Ron Borzekowski's appointment as Director of the Office of Financial Research was scuttled in the Senate.
- **Treasury Payment-System Policy Addresses Resilience, Reserve-Currency Status, Inter-Operability** - Providing an update on Treasury's working group on the future of money and payments, Deputy Assistant Secretary for International Financial Markets Nicholas Tabor [indicated](#) that the working group is considering the implications of new payment technologies for smooth international financial system functioning, U.S. national security, privacy, and financial inclusion.
- **Reserve Banks Promise a Peek** - Tidying up, the Federal Reserve Bank of New York [released](#) a new "Transparency and Accountability" policy on behalf of all of the System's Banks.
- **Regulators Clarify Bank BOI Expectations** - FinCEN was joined by the FDIC, FRB, OCC, NCUA, and State Bank and Credit Union Regulators in an interagency [statement](#) clarifying that FinCEN's beneficial ownership information Access Rule does not create new regulatory requirements or supervisory expectations for banks to access BOI from the beneficial ownership IT System.

December 22

- **President Imposes Sweeping Secondary Sanctions** - Responding to ongoing evidence that sanctions are not working as hoped despite recent Treasury [assurances](#) they are, the President issued a sweeping [executive order](#) and Treasury laid out secondary [sanctions](#) for financial institutions found to facilitate Russian Federation finances related to its “war machine.”
- **Treasury Requests Feedback for Financial Inclusion Strategy** - Following a statutory directive, Treasury today an [RFI](#) to develop a national strategy for financial inclusion.
- **Brown Prioritizes Housing, ILC Bill, AI in 2024** - The Senate Banking Committee [released](#) its policy outlook entering 2024 prioritizing affordable housing, enacting the ILC-powers bill ([see FSM Report ILC17](#)), and AI financial-sector policy (likely here picking up the Warner-Kennedy bill we will shortly assess in depth).

This Week

No meetings of note.

Future Events of Note

No meetings of note.

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](#).

- **ILC17**: Senate Banking Committee Chairman Brown (D-OH) is now leading a renewed bipartisan charge to limit the ability of nonbanks to use industrial loan companies (ILCs) to gain access to bank privileges without the parent-company supervision required of all other domestic IDI parents.
- **GSE-121923**: The CFPB yesterday released a fascinating research [blog](#) looking at cash-out refis.
- **FSOC29**: This year’s [FSOC report](#) trods much old ground with two exceptions. The first pertains to a new focus on artificial intelligence, machine learning, and new, generative technologies.
- **GSE-121423**: In a blog post [today](#), Fannie quietly renews its quest for alternatives to traditional title insurance.
- **GSIB23**: The agencies’ capital proposal ([see FSM Report CAPITAL230](#)) unsurprisingly dominated discussion at today’s Senate Banking hearing with big bank CEOs.
- **FINTECH33**: At today’s HFSC Digital Assets Subcommittee hearing on banking agency financial innovation, Republicans raised concerns about the Fed’s novel activities guidance ([see FSM Report FINTECH32](#)), interagency guidance on third-party risk management ([see FSM Report VENDOR10](#)), and the SEC’s predictive data analytics [proposal](#).
- **CONSUMER54**: Today’s Senate Banking hearing with Director Chopra was even more cordial

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than yesterday's HFSC session ([see Client Report CONSUMER53](#)) even though Republicans continued to criticize the Bureau's recent rulemakings.

- [GSE-113023](#): A new FRB-NY [study](#) confirms that 83% of loans from 2000-2022 went to first-time homebuyers, compared to 56% for the GSEs and 57% for private lenders.
- [CONSUMER53](#): In sharp contrast to most recent HFSC hearings with CFPB Director Chopra, today's session was relatively calm.
- [GSE-112723](#): The most significant thing in FHFA's final capital [rule](#) is not what is to be done, but what FHFA left out: ending the GSEs' advanced-approach requirement.