



Friday, December 27, 2023

## Banking Agencies Drill Down on NBFi Exposures

Reflecting a raft of FSOC recommendations ([see Client Report FSOC29](#)) and those from [global regulators](#), U.S. banking agencies have proposed significant call-reporting [changes](#) gathering more data on bank/NBFi inter-connections. Newly-granular data break-outs are proposed for credit exposure to numerous NBFis (e.g., PEs, insurance companies, mortgage intermediaries) from banks with over \$10 billion. The agencies justify this by the sharp spike in NBFi credit exposures from 0.8 percent of reported credit to 6.4 percent of respondent data in June of this year (a number we expect downplays far larger concentrations at the nation's biggest banks). Granular data on off-balance sheet exposures to NBFis would also be required along with new IDI reports on long-term debt – a proposal presumably intended to backstop the proposed LTD standards ([see FSM Report TLAC9](#)). We will shortly review the release to determine if in-depth analysis is helpful; comments are due by February 26.

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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](#).

- [MERGER13](#): Building on a request for comment and a formal draft, the Department of Justice (DOJ) and Federal Trade Commission (FTC) have finalized specific revisions to U.S. merger policy that significantly redesign the manner in which M&A transactions will be considered.
- [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 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.