



Tuesday, January 9, 2024

Bowman Now Tackles Supervisory Transparency

In [remarks](#) late yesterday, FRB Gov. Bowman added a new concern: supervisory transparency. She indicated that the Fed's supervisory expectations have changed to the point at which some state agencies think the Fed goes too far, but banks have no way of anticipating possible supervisory injunctions. As a result, she argues for near-term transparency via public notice-and-comment guidance or rulemaking. Ms. Bowman also repeats her longstanding concerns with the end-game [rules](#), reiterates the benefits of [tailoring](#), and argues that the climate-risk principles ([see FSM Report CLIMATE17](#)) go too far too fast.

Barr Bows a Bit

Answering questions today, FRB Vice Chair Barr indicated that the BTFP may well close on March 11, emphasizing the importance of adhering to the Fed's emergency-liquidity mandate. That said, loans will be extended until the one-year anniversary and may remain until 2025. He also outlined a significant compromise on the operational-risk section of the end-game rules ([see FSM Report OPSRISK22](#)), more closely aligning the proposal with the Basel standards as our [outlook](#) anticipated. Whether this suffices to win Gov. Waller's support remains to be seen, but Gov. Bowman's comments earlier today suggest she remains strongly opposed to the package. Mr. Barr also said that comments on the Fed's analysis of the Fed's quantitative impact study are invited and will affect the final rule, a schedule that opens the Fed to new views without slowing down a final rule by the agency's end-2Q deadline. That said, Mr. Barr stands by his rule, rebuffing assertions that the proposals will adversely affect credit availability or U.S. competitiveness. He did not provide a timeline for new multi-scenario stress tests, only reiterating that these will not have CCAR's binding capital impact.

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](#).

- [GSE-010924](#): Based on recent dialogue with institutional investors and regulators, a new FRB-NY Teller Window [article](#) concludes that robust data collection, loan standardization, and higher volume could improve CDFI secondary market sales.
- [GSE-010824](#): It's not news to observe that things that change at the GSEs then change a lot of other things.
- [INCLUSION3](#): As required by law, the U.S. Treasury is working to set policy enhancing financial inclusion.
- [NBFI3](#): The banking agencies have proposed significant changes to call-reporting data illuminating how banking organizations are inter-connected with nonbank financial intermediaries and to implement pending requirements for long-term debt (LTD) issuance.
- [DEPOSITINSURANCE123](#): In the wake of increasing instances in which customers are confused and even misled about the extent to which fintech and cryptoasset holdings are insured deposits, the FDIC has finalized its proposal setting disclosure standards as well as modernizing IDI representations of their own FDIC-insured offerings in branches and through the fast-changing array of retail banking delivery

channels.

- **[GSE-010224](#)**: Shortly before the new year, the banking agencies proposed new call-report [requirements](#) that would force banks with over \$10 billion in assets to report new data on nonbank mortgage intermediaries and structured GSE-guaranteed positions.
- **[AI4](#)**: Bipartisan Senate legislation has been introduced to press FSOC to do more than highlight artificial intelligence (AI) as a potential threat to financial stability.
- **[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.
- **[SANCTION21](#)**: [As promised](#), this report provides an in-depth assessment of President Biden's Friday [executive order](#) expanding anti-Russia sanctions via secondary ones on financial institutions that – knowingly or not – facilitate or conduct newly-identified transactions related to sanctioned persons, services, or goods.
- **[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.