



Wednesday, January 24, 2024

## **FSB Plans Resolution Refinement, New Repo Standards**

Renewing much of what it has said in the [past](#), the FSB today released its 2024 official [work program](#). Although the FSB's head said earlier this week that current FSB resolution standards [suffice](#), global standards are still set to be finalized for resolution reforms, which include a toolkit for CCP resolution authorities to be completed in May as well as publication of a list of insurers subject to the resolution planning standards in December. The FSB will also continue to conduct follow-up work on public-sector backstop funding mechanisms and the impact of social media and digital innovation on resolution. It will also conduct new work on repo market resilience and functioning and explore policy recommendations for nonbank financial leverage and nonbank liquidity preparedness. In addition to publishing its annual financial stability report and Global Monitoring Report on NBFIs in December, the FSB will issue progress reports on G20's cross-border payments Roadmap in October, the use of LEIs in cross-border payments in September, and corporate climate disclosures in November. It will also issue recommendations to promote data interoperability in cross-border payments, prepare a report on recent developments in AI, monitor the financial stability implications of digital assets and tokenization, and design a format for incident reporting exchange.

## **CFPB Goes After Fees Banks Have Yet to Charge**

Tackling fees it acknowledges banks have yet even to charge, the CFPB today [proposed](#) banning NSF fees for real-time non-processed transaction declines such as those at ATMs. Consistent with the pending and sweeping anti-overdraft proposal ([see FSM Report OVERDRAFT12](#)), Director Chopra attributes the need for this proposal to junk-fee hungry big banks having "concocted" new ways to charge consumers. However, unlike the overdraft proposal, this is a preemptive strike, based on the view that big banks will soon increase fees on non-processed declines as technology enables them to do so. As with overdrafts, only banks with assets over \$10 billion would be subject to these fees. We will quickly provide comments with an in-depth analysis of this proposal; comments on it are due by March 25.

## **Senate Advances "Nuclear" Asset-Seizure Option**

Following a 40-0 vote in the House Foreign Affairs [Committee](#), the Senate Foreign Relations Committee today voted 20-1 (Paul, R-KY) for S.2003, legislation giving the White House clear authority to seize frozen Russian assets to assist Ukraine. As Chairman Cardin (D-MD) [said](#), this is the "nuclear option" in global funding markets due to the legal sanctity of long-accorded central-bank assets. Seizure could only occur following Biden's certification to Congress that the U.S. has coordinated its asset seizure with that in other nations, a provision designed to ensure that the U.S. is not disadvantaged following seizure by a reputation of a uniquely at-risk financial domicile. The measure would also accelerate final action on legal protests, with White House action expected quickly following final passage if G-7 promises are realized in actionable asset-seizure plans. G-7 nations have so far provided support for asset seizures in general terms, but have been unwilling to take individual action as long as the U.S. stated it could not also do so due to statutory impediments. The White House continues to prefer near-term Ukraine funding via the supplemental appropriation on which it continues to work with Congress, with these funds sought to support Ukraine's military activities and any funds seized under this new authority used for Ukraine's reconstruction.

---

## 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](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](#).

- **[GSE-012424](#)**: In this report, we build on our previous analyses of the [mortgage implications of the pending capital rules](#), forecasting what's next for mortgage assets as the FRB, FDIC, and OCC wrestle with the mess Karen Petrou has elsewhere [argued](#) they brought upon themselves by careless analytics and political misjudgment.
- **[OVERDRAFT12](#)**: Building on a bulletin and circular from late 2022 warning banks about certain overdraft practices, the CFPB has now proposed a rule that would sharply and expressly limit fees for extensions of credit related to overdrawn transaction accounts unless the account comes under an array of consumer-protection requirements.
- **[GSE-012224](#)**: A new Fed [staff study](#) uses models to conclude that government-backed mortgage securitization exacerbates financial crises, contradicting conventional wisdom that – GSE blow-ups notwithstanding – properly-regulated GSEs create a liquid, diversified asset pool for an otherwise illiquid, risky asset class.
- **[GSE-011224](#)**: A new [staff paper](#) from the Federal Reserve Bank of New York assesses the tender topic of bank mortgage lending to minority borrowers.
- **[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.