



Monday, March 18, 2024

## **IMF: More Work Needed to End Too-Big-to-Fail Banks**

In a blog [post](#) today, the IMF stated that progress is required to put an end to too-big-to-fail banks following last year's bank failures. The Tobias Adrian post cites the need for more "intrusive" supervisory action, noting that last year's failed US banks were allowed to pursue risky strategies without proper risk-management procedures. The post calls for improved liquidity support for banks approaching resolution, also concluding that smaller banks may pose systemic risks. The post also states that resolution rules and plans should be flexible enough both to avoid taxpayer payments and prevent systemic crises. No specific how-to is offered.

## **SEC Sets AI-Use Standards via New Enforcement Action**

Although actual fines are small, the SEC's enforcement action today [countering](#) "AI washing" is not just aimed at investment advisers touting AI as their guide to investment choice either for their own actions or those of their customers. The standard also applies to other financial entities (e.g., broker-dealers) and – with still greater effect – to public-company filings related to AI and machine learning both in terms of firm focus and products offered. Both advisers targeted by the order were also charged with violations of SEC marketing and other standards. Clients are reminded that the CFTC has begun a process by which AI use would be regulated through public standards ([see FSM Report AI5](#)); it appears the SEC plans to adopt the enforcement approach to AI use it has deployed for digital assets rather than provide clear standards and definitions.

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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](#).

- [CREDITCARD37](#): Following a very controversial proposal, the CFPB has finalized credit-card late-fee restrictions in a final rule that does not differ significantly from the proposal on its key point: elimination of the manner in which inflation adjustments are now made by credit-card lenders when it comes to late fees.
- [GSE-031224](#): The President's [FY25 budget](#) picks up FHFA's [recommendations](#), calling for statutory change to double the System's affordable-housing commitment.
- [FEDERALRESERVE75](#): As [expected](#), Republicans took turns grilling Chair Powell on the Basel III endgame proposal and calling for its withdrawal, and were likely pleased with the results.
- [CONSUMER56](#): The CFPB has issued a circular essentially banning digital and perhaps all other consumer-finance comparison-shopping and lead-generation tools for credit cards and other products not covered by prior orders.
- [GSE-021624](#): In this report, we build on our in-depth analysis yesterday of the Fed's new stress-test scenarios to focus on their mortgage-market impact.