



Thursday, April 11, 2024

Bipartisan Bill Seeks Barriers to Financial-Infrastructure Ransom Payments

Ahead of next week's HFSC hearing, Chair McHenry (R-NC) and Rep. Pettersen (D-CO) today [introduced](#) the Ransomware and Financial Stability Act, a bill to require FMUs, large securities exchanges, and certain technology-service providers to notify Treasury before paying a ransom and come under numerous restrictions should they do so. The bill is designed to make these critical market entities less of a ransomware target by making ransom payments far less lucrative except in cases of significant risk determined by law enforcement or, for national security, the President. The measure also prohibits ransomware payments exceeding \$100,000 in the absence of a waiver. The bill would also keep ransomware reports by covered parties confidential. A safe harbor would also be provided for payment processors in ransomware attacks. It will take broad bipartisan and Administration support for this bill to advance.

Waters Plans FHLB-Reform Legislation

Sharply criticizing FHLB backstops for troubled banks, HFSC Ranking Member Waters (D-CA) [stated](#) that she is drafting legislation to implement a number of the Congressional recommendations outlined in FHFA's recent FHLB-reform [report](#), including readying a bill to double the FHLB system's required contributions to affordable housing and prevent the banks from making good as banks go bad. The Ranking Member also supports regulatory [efforts](#) to improve discount window functionality and access, stating that this complements FHLB reforms by clarifying collateral rights to ensure discount-window capacity. Responding to a GAO report on the FHLBs, Ms. Waters also commends GAO for its findings related to the adverse impact of FHLB troubled-bank liquidity.

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](#).

- [RESOLVE51](#): In its first public statement since 2013 about how it would execute an SPOE resolution ([see FSM Report RESOLVE23](#)), the FDIC yesterday released a [report](#) Chair Gruenberg [described](#) as demonstrating the FDIC's readiness to resolve a U.S. GSIB and the process it has developed for doing so under the orderly liquidation authority (OLA) provided in the Dodd-Frank Act ([see FSM Report SYSTEMIC30](#)).
- [GSE-041024](#): *Bloomberg today* reports that the CFPB may simply ban consumer payment for lender title insurance.
- [AML137](#): Senate Banking Committee's Hearing with Deputy Secretary Adeyemo reviewed the Administration's request for additional digital asset AML/CFT authority.
- [GSE-040824](#): It wasn't hard for us to forecast that, after NEC Director Brainard [endorsed](#) CFPB Director Chopra's jihad against mortgage "junk fees," that the discount points that received particular opprobrium would be moved up the priority ladder for federal restriction.
- [GSE-032924](#): Following FSOC's fulminations about [nonbank mortgage companies](#), FHFA in 2023

heightened its supervisory standards mandating GSE prudential governance of eligible seller servicers.

- **MERGER15**: Following its 2022 request for input, the FDIC has released a formal proposal that would redefine the agency's bank-merger policy into one that will make it difficult for all but the smallest and simplest transactions within its jurisdiction to have the clear prospects for approval usually necessary in non-emergency transactions, subjecting other M&A applications to protracted review with a high likelihood of denial.
- **REFORM231**: Today's HFSC hearing on global governance featured [expected](#) Republican attacks on what they called the opaque nature of U.S. interactions with international organizations, with Chairman McHenry (R-NC) promoting a draft bill requiring regulators to report dealings with global standard-setting groups to Congress.
- **GSIB24**: Reflecting concerns expressed about banks that window-dress key regulatory data as the post-crisis framework took shape, the Basel Committee has now issued a request for views on how to prevent this when it comes to GSIB calculations related to their surcharge or possible designation.
- **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.