



## FSB Adds Non-Financial Leverage to Worry List

FSB Chair Klaas Knot late last week [discussed](#) financial stability risks, reiterating that the FSB is monitoring potential CRE spillovers and that Switzerland should strengthen its TBTF framework. The speech highlighted several upcoming releases from FSB's [work plan](#) including a report on AI's financial-stability implications, a stock take of regulatory and supervisory initiatives on nature-related financial risks, and a common format for exchanging cyber-incident reports. The Chair also emphasized the need for nations to implement FSB's NBFi-leverage [recommendations](#) and those pertaining to [cryptoassets](#) to prevent regulatory arbitrage. Although no timeline is provided, the FSB also plans to address bank resolvability and climate-related financial risks, remaining concerned also about high household, corporate, and sovereign debt. As we noted ([see Client Report SYSTEMIC97](#)), the Fed does not share these views on financial leverage worries when it comes to the U.S.

## Warren, Marshall Keep Pressure On for Crypto-AML/Sanction Rewrite

Working to ensure that their crypto-AML bill is included in the final version of House stablecoin legislation now being drafted, Sens. Warren (D-MA) and Marshall (R-KS) sent a [letter](#) to the White House, Treasury, DoD, and FinCEN today reiterating concerns that foreign adversaries are relying on cryptocurrency to evade U.S. sanctions. The letter notes that, while Treasury has already sanctioned Garantex, the primary Russian platform for trading Tether, the platform nonetheless continues to facilitate billions of dollars in Russian-affiliated transactions. The Senators also press for statutory changes akin to those sought by Treasury to address AML and sanction issues ([see Client Report AML137](#)) by May 17.

### 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](#).

- [ASSETMANAGEMENT8](#): As we [noted](#), the FDIC board late last week faced the unusual and perhaps unprecedented situation of a staff resolution supported by its Chair and one Democratic Director that was countered by a different proposal from Republican Directors, with both options finally tabled due to objections from the Acting Comptroller.
- [SYSTEMIC99](#): The latest Federal Reserve financial-stability [assessment](#) continues the Fed's practice of detailing vulnerabilities without drawing bottom-line conclusions; the Board once did so, but ceased this practice after opining that the financial system's risk was "moderate" shortly before the 2020 crash.
- [MORTGAGE122](#): Although there was no need for further evidence that campaign season has begun, today's Senate Banking housing hearing surely confirmed it.
- [GSE-041724](#): Just as the CFPB readies its assault on [cashout-refi discount fees](#) comes FHFA's [request](#) for views on a new Freddie Mac product that would give borrowers access to their locked-up equity without a new first lien at a higher rate or a traditional home-equity second riding piggyback atop the first lien.
- [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.