



Treasury Urged to Consider Green Bonds

The Treasury Borrowing Advisory Group's latest report to the Treasury [includes](#) a proposal that the U.S. join other sovereigns and issue "green bonds." The recommendation comes in a "blue-sky" assessment of Treasury obligations suggesting that Treasury also explore other new instruments such as callable bonds. The committee notes that determining the tenor and structure of green bonds could be challenging, but issuing them would likely increase Treasury demand via an instrument with somewhat less taxpayer cost due to high demand. The report does not discuss the political pushback from Republicans, which is likely to be fierce against any "ESG"-denominated sovereign obligation from the U.S. Government. Private-sector issuers of dollar-denominated green bonds may also fear crowding out. It remains to be seen if Treasury moves forward with a recommendation that, despite opposition, could play well during the election.

Powell Says No Decision on Basel 3 Reproposal

Refuting coverage [earlier today](#) that the FRB does not plan to repropose the Basel end-game rules, Chair Powell today said that the central bank has made no decisions yet on either policy or process beyond a commitment to final standards faithful to the global rules and comparable to those in other jurisdictions. The chair acknowledged that the end-game rules are taking up so much time that other initiatives may be on hold. As anticipated, Mr. Powell also denied that politics enters into Fed rate-setting decisions, defending the latest unanimous FOMC vote on grounds that Reserve Banks have diverse cultures and opinions.

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](#).

- **[MERGER16](#)**: At today's HFSC Financial Institutions Subcommittee hearing on bank mergers, Democrats said that larger mergers pose numerous risks while Republicans criticized the application-and-approval process as opaque and time-consuming.
- **[GSE-043024](#)**: In conjunction with releasing its new [fair-housing rule](#), FHFA yesterday also [created](#) a new office of "Public Interest Examination."
- **[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.