



Monday, May 13, 2024

## HFSC Sets Course for Contentious Supervisory Hearing

HFSC's majority-staff [memo](#) ahead of Wednesday's hearing with prudential regulators lists an array of pending rules and transactions as a platform for numerous measures changing current standards. These include H.R. 8287 from FI Subcommittee Chair Barr (R-KY) mandating additional SCB transparency and another Barr bill (H.R. 8288) requiring the FRB to seek public comment on discount-window operations. The list does not include legislation related to bank mergers or FDIC operations, with the latter sure to be a point of significant [controversy](#) as FDIC Chair Gruenberg appears before the panel in the wake of last week's blistering independent-counsel [report](#).

## Basel Battles on for End-Game, Punts Crypto Regs

The Basel Committee's supervisory group of central bankers and supervisors (GHOS) today [continued](#) to press the U.S., U.K., and EU to finalize Basel III's end-game rules quickly and compatibly with the 2017 package. However, GHOS did agree to defer compliance with Basel's crypto standards ([see FSM Report CRYPTO19](#)) by one year until January of 2026, considering revisions ([see FSM Report CRYPTO37](#)) proposed along the way prior to coming to a decision on a final implementation schedule. The U.S. has not even begun to propose new capital standards for cryptoassets housed in banking organizations and would thus have been among the nations falling far behind the global schedule had this remained unchanged.

## Yellen Rebukes FDIC Workplace Culture

Ahead of what are sure to be grueling [hearings](#), Treasury Secretary Yellen today [told press](#) that the behavior described in the recent FDIC [report](#) was "totally unacceptable" and did not align with the Biden administration's core values. The Secretary did not respond to follow up questions asking if FDIC Chair Gruenberg should resign, but she also did not temper her comments with those from the [White House](#) and others observing that Mr. Gruenberg is now working hard to fix the agency's workplace culture.

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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](#).

- [GSE-051324](#): When FSOC released its systemic-designation [methodology](#) last year, the Council made it clear that nonbank mortgage companies faced top-down federal regulation.
- [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.