



FedFin Weekly Alert

Monday, May 19, 2025

❑ FIND THE COMFY CHAIR

Clearly anticipating more [Democratic obstruction](#), HFSC has now blocked out two days this week for its latest mark-up. Democrats will surely use the opportunity, as they have all those so far presented to them, to protest a range of Trump Administration policies and Presidential actions, but we do expect votes on the 24 bills set for mark-up when Chair Hill (R-AR) finally bangs his gavel for the last time during these votes. Most of the bills being brought before the committee would be non-controversial, bipartisan affairs in more ordinary times, but even these are likely to take a good deal of the Committee's time – not to mention yours and ours.

Bills we'll be watching include H.R. 940 (Hill) to audit the banking agencies, H.R. 1900 (Barr, R-KY) to streamline the [bank-merger process](#), H.R. 2702 (Barr) to advance the House companion to Sen. Scott's (R-SC) rep-risk bill ([see FSM Report DEBANKING4](#)), H.R. 3230 (Barr) to demand more regulatory tailoring, and H.R. 3379 (Fitzgerald, R-WI) revising bank CAMELS ratings (see forthcoming analysis). All of these bills come at the end of the mark-up, so be sure your comfy chair is pre-fluffed.

Headlines From the Past Week's Daily Briefings

May 12

- **Barr Sets Sweeping Hearing Agenda** - HFSC's Financial Institutions Subcommittee [plans](#) an expansive hearing going well beyond the merger-policy headline in the committee's announcement.
- **SEC's Atkins Suggests Changes to Custody Rules** - At SEC roundtable on tokenization, SEC Chair Atkins [discussed](#) key areas of focus for the development of a regulatory framework for crypto asset markets, a current top priority for the agency.

May 13

- **CFPB Looks to Rescind Biden-Era Adjudication Process** - The *Federal Register* includes a [proposal](#) from the CFPB to rescind the amendments to the Bureau's rules of practice for adjudication proceedings [adopted](#) during the Biden Administration.
- **Basel's Governing Body Rejects U.S. Climate-Policy Demand** - The Basel Committee's governing body, the Group of Central Bank Governors and Heads of Supervision (GHOS), [reaffirmed](#) its plans to continue work analyzing climate-related

Federal Financial Analytics, Inc.
2101 L Street, N.W. – Suite 300, Washington, D.C. 20037
Phone (202) 589-0880
E-mail: info@fedfin.com www.fedfin.com

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financial risk without directly addressing the U.S. [demand](#) to either dissolve or downgrade Basel's Task Force on Climate-related Financial Risk into a "working group."

- **FRB-NY: Banks Lend Less to the Real Economy, But so Does Everyone Else** - A new [study](#) from the Federal Reserve Bank of New York focuses analysis of direct and indirect lending on the critical question of which institutions lend to the U.S. "real" economy – i.e., households and businesses that are not also financial entities.
- **Treasury Also Plans to Press Liquidity, Discount-Window, and Supervisory Reforms** - Reiterating Secretary Bessent's [comments](#), Treasury Deputy Secretary Michael Faulkender [called](#) for modernizing bank regulatory capital to address competition by nonbank lenders, implementing aspects of the endgame standards to the extent that the underlying rationale can be independently validated.

May 14

- **Warren Tries One Last Time to Block Capital One Merger** - Not giving up, Sen. Warren (D-MA) has [pressed](#) the Department of Justice to rule against the Capital One/Discover merger despite Fed/OCC [approval](#).
- **CFPB Rescinds Nonbank Registry, Supervisory Construct** - After [announcing](#) last month that it would no longer enforce its registry of nonbank covered persons rule ([see FSM Report CONSUMER47](#)), a notice from the CFPB in the *Federal Register* proposes to rescind the rule entirely.
- **HFSC GOP Presses Merger Reform** - At HFSC Financial Institutions Subcommittee hearing, Chair Barr (R-KY) reiterated his strong support for legislation he has recently introduced, the Bank Failure Prevention Act (H.R. 1900).

May 15

- **CFPB Halts Contractual-Term, Anti-Debanking Effort** - In a series of additional actions released, the [CFPB rescinded](#) the Bureau's proposed standards on contractual terms and conditions.
- **FSB Plans new NBFI Leverage Constraints** - The FSB's Deputy Secretary General, Martin Moloney, [clarified key aspects](#) of how global regulators plan to proceed to contain NBFI leverage, a [key concern also in the United States](#).
- **Nonbank Payment Providers Again Exempt from EFTA** - The CFPB today also withdrew the agency's [proposed interpretive rule](#) bringing nonbank consumer-finance payment providers under the EFTA. As FedFin's analysis noted ([see FSM Report PAYMENT36](#)), the rule would have imposed significant obligations on nonbanks, levelling the competitive landscape with bank providers. The rule also brought credit-card rewards under the Act at considerable cost to issuers.
- **CFPB Retracts State Regulatory and Enforcement Authority** - The CFPB also rescinded its 2022 interpretive rule expanding state enforcement powers and limiting its [preemptive reach](#).

May 16

- **Dems Remind Large Financial Companies of Climate's Political Risk** - Reminding companies of the flip-side of climate-related political risk, HFSC Ranking Member Waters (D-CA) and HFSC Vice Ranking Member Casten (D-IL) led 39 Democratic lawmakers in a [letter](#) to a group of the largest U.S. financial institutions criticizing the institutions for abandoning previous commitments to address climate change in the face of pressure from the GOP and the Trump Administration.
- **Stablecoin Bill Remains Hotly-Contested** - Senate Majority Leader Thune (R-SD) has again planned a procedural motion that will bring a revised version of the "GENIUS" stablecoin bill to the Senate floor next week ([see FSM Report CRYPTO48](#)).
- **GAO Presses Recommendations to Improve Fed Supervision** - The GAO released a [report](#) outlining its five priority recommendations yet to be implemented by the Federal Reserve Board, reiterating longstanding concerns about the Fed's ability to supervise banks in a manner targeting critical safety-and-soundness risks.
- **FRB KC: Bank-On Accounts Help the Unbanked** - A new [paper](#) from the Federal Reserve Bank of Kansas City finds that Bank On-certified accounts have reduced minimum-balance requirements as a barrier to bank account ownership, but the perception of high and unpredictable fees remains a major barrier to the unbanked.

This Week

Tuesday, May 20

HFSC Markup. [10:00 am, 2128 RHOB]. Matters to be discussed: TBD.

FDIC Board of Directors Hearing. [2:30 pm, 550 17th Street NW]. Matters to be discussed: Deposit insurance Fund Restoration Plan Semiannual Update, Recission of the 2024 FDIC Statement of Policy on Bank Merger Transactions and Reinstatement of Prior FDIC Statement of Policy.

Wednesday, May 21

HFSC Markup. [10:00 am, 2128 RHOB]. Matters to be discussed: TBD.

Future Events of Note

Friday, June 6

Federal Financial Analytics, Inc.
2101 L Street, N.W. – Suite 300, Washington, D.C. 20037
Phone (202) 589-0880
E-mail: info@fedfin.com www.fedfin.com

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SEC Crypto Task Force Roundtable entitled: "DeFi and the American Spirit." [1:00 pm, 100 F Street NE]. Matters to be discussed: DeFi.

Thursday, June 26

SEC Roundtable. [TBD, 100 F Street NE]. Matters to be discussed: Executive compensation disclosure requirements.

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](#).

- **[TREASURY2](#)**: Today's HFSC Monetary Policy and Treasury Market Resilience Task Force hearing featured several instances of bipartisan agreement within the committee, with Rep. Sherman (D-CA) joining GOP members in criticizing the SLR's treatment of Treasuries.
- **[FEDERALRESEVE82](#)**: Sen. Rick Scott (R-FL) and, in one case, Sen. Cynthia Lummis (R-WY) have introduced legislation to terminate unconventional monetary policy and circumscribe Federal Reserve emergency-lending backstops.
- **[FAIRLEND12](#)**: President Trump has issued an executive order (EO) ending long-standing practice by federal agencies to judge discrimination not only by whether signs of overt or other forms of express discrimination are found, but also if an entity's actions show disparate impact in who benefits or is harmed by them based on demographic or other "immutable characteristics."
- **[LIVINGWILL26](#)**: The FDIC has used FAQs rather than a formal revision to implement a significant change to the large-IDI solution rules it finalized in 2024.
- **[STRESS34](#)**: Although large banks are already conducting the stress testing mandated earlier this year, the Fed has now proposed several changes that form part of its broader decision late last year to redesign several aspects of this critical process and the manner in which CCAR results factor into the stress capital buffer (SCB), which sets minimum requirements rather than a buffer above them as the term implies
- **[MERGER22](#)**: As required by an executive order (EO) from President Trump mandating both review and then repeal of any rules that adversely affect competition, the FTC is seeking public comment on which rules to target and whether these standards could be modified or must be rescinded to meet the President's goals.
- **[REFORM238](#)**: Although Ranking Member Warren (D-MA) seemed particularly angry with

her at this session, FRB Gov. Bowman nonetheless seems set to advance quickly to confirmation after the Easter recess.

- **[TRADE2](#)**: In this report, FedFin provides its first assessment of how the sweeping [tariffs](#) on trade-in-goods set last night by the White House are likely to affect financial-services firms.
- **[REFORM237](#)**: In a series of [letters](#) to federal financial regulators, HFSC Chair Hill and varying groups of GOP-only Members today sent a barrage of demands to federal financial regulators jointly and singly.
- **[CRYPTO51](#)**: The chair of the House Financial Services Committee, Rep. French Hill (R-AR), the Digital Asset Subcommittee's chair, Rep. Bryan Steil (R-WI), eight other Republicans and three Democrats have introduced House legislation to create a long-awaited federal framework for dollar-denominated payment stablecoins.
- **[PAYMENT37](#)**: As [noted](#), the President yesterday issued two executive orders demanding significant change to the federal payment system