WASHINGTON WRAP

CFPB modifies small business lending rule; a pitch for CFTC to oversee crypto

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Market Intelligence

The Washington Wrap is a weekly recap of financial regulation, news and chatter from around the capital.

At the CFPB

The Consumer Financial Protection Bureau proposed revisions to data collection requirements for small business lending under the Equal Credit Opportunity Act.

The bureau acknowledged that "the approach it took in the 2023 final rule — a broad initial coverage of lenders, products, small businesses and data points — was not conducive to the long-term success of the data collection regime under section 1071." Banks have been critical of the regulation's scope and compliance burden.

Key changes include raising the threshold for covered financial institutions to 1,000 credit transactions from 100, redefining small businesses to those with gross annual revenues of $1 million or less, down from $5 million, and excluding certain types of lending such as merchant cash advances, agricultural loans, and small dollar loans under $1,000.

In early October, the CFPB extended the compliance dates for the current version of the rule, pushing it to July 1, 2026. The CFPB is now proposing extending the compliance date to Jan. 1, 2028, for all covered financial institutions.

The agency seeks public comments on the proposed changes, which are open until Dec. 15.

The CFPB informed a federal court that Justice Department's office of legal counsel has restricted its access to funding from the Federal Reserve, potentially leading to a depletion of its resources by the end of the year, according to a Nov. 11 release.

The Justice Department's new interpretation of the term "combined earnings" in the Dodd-Frank Act has classified earnings as profits rather than revenues, significantly limiting the Fed's ability to provide financial support to the CFPB.

Three former senior enforcement attorneys from the CFPB have announced the creation of a strategic enforcement project aimed at safeguarding the public from corporate wrongdoing, Reuters reported, citing a statement by pro-consumer organization Protect Borrowers.

Eric Halperin, Cara Petersen and Tara Mikkilineni will lead the project, focusing on litigation against practices that exploit consumers, workers and small businesses, the report said.

At federal regulators

Senator John Boozman (R-Arkansas), chair of the Senate Agriculture Committee, and Senator Cory Booker (D-New Jersey) introduced a bipartisan bill to transfer oversight of cryptocurrency from the U.S. Securities and Exchange Commission to the Commodity Futures Trading Commission (CFTC), Bloomberg News reported, citing the proposal draft disclosed Nov. 10.

The proposed bill would grant the CFTC authority to regulate market structure, classify most cryptocurrencies as digital commodities, mandate registration for certain company actions, establish new disclosure requirements, and impose fees on specific transactions, the report said.

US bank regulators are moving forward with a plan to relax capital requirements that lenders claim restrict their ability to hold more Treasury securities, Bloomberg News reported, citing people familiar with the matter.

The Federal Reserve and other key agencies have submitted a final proposal for the enhanced supplementary leverage ratio to the White House for review, which would allow the largest banks to maintain lower capital levels relative to their total assets, aligning with a proposal introduced in June, the report said.

The Federal Deposit Insurance Corp. is swiftly working to implement the recently enacted Guiding and Establishing National Innovation for US Stablecoins (GENIUS) Act, with the first proposed rules regarding the application process for stablecoin issuers expected by the end of the year, *American Banker* reported, citing FDIC acting chair Travis Hill's remarks at an industry conference.

Hill clarified that the FDIC's primary role under the GENIUS Act will focus on supervising institutions under its jurisdiction that establish subsidiaries to issue stablecoins. However, he noted that it remains uncertain how extensive this supervisory role will be, the report said.

"The most immediate-term proposal we're going to issue is one that sets up an application process, which is something that's required under the statute," Hill reportedly said.

Hill also said the agency is working on guidance for tokenized deposit insurance, aimed at assisting financial institutions looking to expand their involvement in digital assets, Bloomberg News reported.

The White House is contemplating new regulations aimed at reducing the influence of proxy advisory firms and index fund managers, *The Wall Street Journal* reported, citing people familiar with the matter.

White House officials are discussing an executive order that could impose restrictions on proxy advisers, such as Institutional Shareholder Services and Glass Lewis, potentially banning them from making shareholder recommendations or restricting their involvement with companies that hire them for consulting, the report said.

Additionally, the administration is exploring limits on how index fund managers, including major players like BlackRock Inc., Vanguard Group Inc., and State Street Corp., can vote on behalf of clients.

Federal Reserve Bank of Atlanta President and CEO Raphael Bostic said he will retire at the end of his current term, which officially concludes Feb. 28, 2026.

Bostic has served in the role since June 2017.

Coming up

Economic reports

Monday, Nov. 17
- NY Empire State manufacturing index (Nov.): 8:30 a.m. ET

Tuesday, Nov. 18
- Industrial production (Oct.): 9:15 a.m. ET
- API weekly crude oil stock: 4:30 p.m. ET

Wednesday, Nov. 19
- Building permits (Sept.): 8:30 a.m. ET
- Atlanta Fed GDPNow (Q4): 10:30 a.m. ET
- 20-year Treasury bond auction: 1:00 p.m. ET
- FOMC meeting minutes: 2:00 p.m. ET

Thursday, Nov. 20
- Philadelphia Fed manufacturing index (Nov.): 8:30 a.m. ET
- Existing home sales (Oct.): 10:00 a.m. ET
- 10-year TIPS auction: 1:00 p.m. ET

Friday, Nov. 21
- Manufacturing PMI (Nov.): 9:45 a.m. ET
- Services PMI (Nov.): 9:45 a.m. ET
- Michigan consumer sentiment (Nov.): 10:00 a.m. ET
- US Baker Hughes total rig count: 1:00 p.m. ET

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