

Tuesday, November 2, 2021
To: New York Community Banks

FROM ICBA

Regulators recommend bank-like rules for stablecoins

The President's Working Group on Financial Markets issued a long-awaited report spotlighting regulatory gaps in overseeing stablecoins and recommending legislation to implement a federal regulatory framework.

ICBA Position: In a [news release](#), ICBA said it supports the group's efforts to ensure a consistent federal regulatory framework for stablecoins that balances their benefits and risks. ICBA engaged the PWG as it developed the report, which incorporates ICBA concerns about the risks of rapid stablecoin growth.

Quote: "As ICBA told the working group and has consistently [advocated](#), stablecoins require appropriate federal oversight that closes regulatory gaps regardless of how these digital assets are classified by policymakers," ICBA President and CEO Rebeca Romero Rainey said.

More: Among its recommendations, the [PWG report](#) encourages Congress to enact legislation to:

- Require stablecoin issuers to be insured depository institutions.
- Require custodial wallet providers to be subject to appropriate federal oversight.
- Authorize the federal stablecoin supervisor to require risk-management standards.
- Restrict stablecoin issuers from affiliating with commercial entities.

[READ ICBA RELEASE](#)

ICBA continues push against reconciliation tax hikes

ICBA continues calling on community bankers to use its [Be Heard resource center](#) to speak out against numerous tax increases included in the budget reconciliation bill's draft framework.

Tax Hikes: ICBA's [customizable message to Congress](#) urges lawmakers to oppose increases in corporate, individual, and capital gains taxes as well as harmful changes affecting Subchapter S institutions, taxation at death, and more.

IRS Plan: Meanwhile, ICBA continues encouraging community bankers to [call their members of Congress](#) and [rally consumers](#) in opposition to the IRS bank reporting proposal, which remains a threat even though policymakers [left it out](#) of the draft framework after ICBA-led advocacy. [Contact Congress here.](#)

ICBA testifying tomorrow on cyber, data security

ICBA is scheduled to testify tomorrow on cyber and data security issues before the House Financial Services Committee's Subcommittee on Consumer Protection and Financial Institutions.

Hearing: Jeff Newgard, president and CEO of Bank of Idaho in Idaho Falls, is [set to testify](#) at tomorrow's hearing on cyber threats, consumer data, and the financial system.

ICBA backs bill to support LIBOR transition

ICBA [expressed support](#) for legislation to support the transition from LIBOR to alternative reference rates.

Bill: Introduced by Rep. Brad Sherman (D-Calif.), the Adjustable Interest Rate (LIBOR) Act of 2021 (H.R. 4616) would address contracts with language that did not contemplate a permanent cessation of LIBOR by providing a replacement benchmark rate that would go into effect when LIBOR is discontinued.

Hearing: ICBA expressed support for the measure ahead of today's Senate Banking Committee [hearing](#) on the LIBOR transition.

More: An [ICBA blog post](#) details the end of LIBOR and the impact of the pending transition on community banks.

FHFA announces staffing updates

The Federal Housing Finance Agency [announced](#) three executive staff updates:

- Charles Yi joined as senior advisor for legal affairs and policy.
- Acting Chief Operating Officer Katrina Jones has been named COO.
- Senior Advisor to the Acting Director Daniel Coates will assume the role of deputy director for the Division of Research and Statistics.

Manufacturing growth slows slightly

Economic activity in the manufacturing sector grew at a slower pace in October, with the Institute for Supply Management's index [dipping](#) 0.3 percentage point to 60.8%. It was the 17th monthly expansion following a contraction in April 2020.

Construction spending decreases in September

Construction spending declined 0.5% in September from the previous month but remained up 7.8% from a year ago, the Commerce Department [reported](#). Private construction decreased 0.5%, while public construction declined 0.7%.

FROM OTHER SOURCES

- Sen. Manchin (D-W.Va.) yesterday stopped short of endorsing Democrats' \$1.75 trillion reconciliation framework, which he criticized for using "shell games" and "budget gimmicks" to downplay its true cost. He pressed for House Democrats to take up the bipartisan, Senate-passed infrastructure legislation. House Democrats are reportedly pushing to vote this week on both measures, and the House Rules Committee could advance the framework to the House floor as soon as today. [Politico](#)
- House Speaker Pelosi is still planning for votes this week on the two bills that make up President Biden's economic spending agenda, after Sen. Manchin (D-W.Va.) said yesterday he won't support the \$1.75 trillion tax and spending package until he sees a rundown of the costs and economic impact. Several moderate House Democrats said they would like to see the Congressional Budget Office scores for the bill. [Bloomberg](#)
- The Federal Register will publish the Labor Department's rule requiring private businesses with 100 or more employees to vaccinate them or test them weekly. https://www.cnn.com/2021/11/01/politics/vaccine-rules-oshha/?mkt_tok=ODUwLVRBQS01MTEAAAGAf6Iy5CYcTEJiL23Kwj2hEr1SMule_ZN11ccm8HXnDrjwa8YYQxo9LJeWz0hZRv6PBZ6fHitgmH4l4VQynuLJuKMC41r8Vsf7Yofh6fat-fD
- Experts advising the CDC meet today to consider whether to broadly recommend the use of the Covid-19 vaccine from Pfizer Inc. and BioNTech SE in children ages 5 to 11 years. https://www.wsj.com/articles/cdc-advisers-to-discuss-pfizer-biontech-covid-19-vaccine-for-young-children-11635845401?mkt_tok=ODUwLVRBQS01MTEAAAGAf6Iy5NoGePBin5nKaiNXMBqn5u3xZ

[7AQE7EYeS65K28MoMstH1Fd4_0QYv12ypJKD3FkUpU_VEun1xyBFtFwitZiqKNnVVacoCRVOXSTWYEm](https://www.nytimes.com/2021/11/01/business/economy/strikes-labor-pandemic.html?mkt_tok=ODUwLVRBQS01MTEAAAGAf4KEFqz5ItFMCO9Rslz-SsicUz8peSjV9RxBZ8jXc0OKdhHYazc6oThvxtclnl02wBQIDeAHC0qhFbkJXjiI2Ic2yqrBo1XV1IpgYA81IFlx)

- While big companies wield considerable power, Covid's economic disruption has given workers new leverage, contributing to a recent upturn in strikes.
https://www.nytimes.com/2021/11/01/business/economy/strikes-labor-pandemic.html?mkt_tok=ODUwLVRBQS01MTEAAAGAf4KEFqz5ItFMCO9Rslz-SsicUz8peSjV9RxBZ8jXc0OKdhHYazc6oThvxtclnl02wBQIDeAHC0qhFbkJXjiI2Ic2yqrBo1XV1IpgYA81IFlx
- A group of about 250 millionaires urged congressional leaders and the chairs of Congress's tax committees to include a proposal to tax billionaires' investment gains annually in their social-spending package: "Unless Congress acts now, billionaires will continue to be allowed by Congress to pay far less than their fair share of taxes." https://thehill.com/policy/finance/579426-millionaires-urge-democrats-to-include-billionaire-tax-in-spending-bill?mkt_tok=ODUwLVRBQS01MTEAAAGAf4KEFtjne3dFqhtCY0puvTP7mA9ZURNmVQIEEYXXvxsD86hE_KBhYDfoNygEWH3XNHvhrn2L7lxBTVabItIsYtxtGh7Lt73PIkAbEfixJtk
- A retirement tax strategy favored by the wealthy survived in Democrats' latest social and climate spending plan, after an earlier version had it on the chopping block. So-called backdoor Roth strategies are a way for the rich to skirt income and savings limits that apply to Roth individual retirement accounts. https://www.cnbc.com/2021/11/01/tax-strategy-of-the-rich-backdoor-roth-survives-in-latest-democrat-plan.html?mkt_tok=ODUwLVRBQS01MTEAAAGAf4KEFWYszmLsJwZUxrvJPG1IcR3widFOP2Ftlheg7tOOUV18teykexaVMbfmMPet2SxC6mz8V6idhBFMv-20jcEHbRJahW_L100_sf2Wb8zD
- Treasury Secretary Yellen said she has discussed with President Biden how he should proceed on naming a Fed Chairman and praised the current holder of the position, saying she gives solid marks to Chairman Jerome Powell. Yellen she did not disclose any specific Biden plans.
https://www.cnbc.com/2021/11/01/yellen-tells-biden-that-powell-has-done-a-good-job-as-renomination-looms.html?mkt_tok=ODUwLVRBQS01MTEAAAGAf4KEFlbOGO0LsIzt8Mid518T9aPi-lmjU_7k0sa-KH34gpYfDq4VKyGsc7NNRugM7MKYGdTvRh_hWAA8gHOTFjdw9WLadMBnmgNQQu8OXAxG
- Fed officials meet this week as consumers and companies worry the U.S. economy is facing the most widespread supply crunch since the oil crisis of 1973. Chairman Powell and the Federal Open Market Committee meet Tuesday and Wednesday as supply chains fray at multiple junctions for trade. The FOMC committee is expected to begin pulling back its pandemic-related stimulus, and to debate whether the central bank will need to raise interest rates sooner than expected amid high and stickier-than-expected inflation. [Financial Times.
https://www.bloomberg.com/news/articles/2021-11-01/fed-confronts-economy-with-most-widespread-shortages-since-1970s?mkt_tok=ODUwLVRBQS01MTEAAAGAf4KEFmeoFbxOvRkyC_Ffn9Z_eIWWJaDNC_AhvOXz3exn7PLQt1Mg9JHCpyjwxaEHC7yFRpdx-8QbKikB2zIv9vm_fPjtMQ0L0pWwCSrTKCQ](https://www.bloomberg.com/news/articles/2021-11-01/fed-confronts-economy-with-most-widespread-shortages-since-1970s?mkt_tok=ODUwLVRBQS01MTEAAAGAf4KEFmeoFbxOvRkyC_Ffn9Z_eIWWJaDNC_AhvOXz3exn7PLQt1Mg9JHCpyjwxaEHC7yFRpdx-8QbKikB2zIv9vm_fPjtMQ0L0pWwCSrTKCQ)
- The President's Working Group on Financial Markets is urging Congress to limit stablecoin issuance to insured depository institutions and subject cryptocurrency wallets to federal oversight. [Read More→](#)
- Pollster [Bill McInturff](#) of [Public Opinion Strategies](#) tells clients that this [polling for CNBC](#) reflects a "surge of concern about the cost of living that has created very negative attitudes about the

economy. . It is a stark reminder that while Washington focuses every day on congressional negotiations ... there's the real world of the lives of everyday Americans.

FROM NEW YORK

- New York City placed 9,000 city workers on leave without pay Monday as its coronavirus vaccine mandate for the public workforce kicked in. The requirement ordered by Mayor Bill de Blasio — one of the most aggressive in the nation — has pushed the vaccination rate among all city workers to 91 percent. But at least 21,000 city workers covered by the mandate remain unvaccinated: 9,000 who have now been barred from working, and another 12,000 who have applied for religious or medical exemptions. <https://www.politico.com/states/new-york/city-hall/story/2021/11/01/nyc-puts-9-000-workers-on-unpaid-leave-as-vaccine-mandate-kicks-in-1392160?nname=new-york-playbook&nid=0000014f-1646-d88f-a1cf-5f46b74f0000&nrid=00000152-f737-dcf0-a7d7-f73fb7700001&nlid=630317>
- Hundreds of firefighters called in sick in what appeared to be an organized protest and sanitation workers played catch-up after garbage collection lagged last week, but for the most part, New York City's municipal work force returned to work as usual on Monday as the city's coronavirus vaccine mandate for its employees went into effect, [the New York Times reports](#).
- The state's Paid Family Leave program has been [expanded to include sibling care](#).
- A bill meant to ensure prospective homebuyers have equal access to credit was signed into law Monday by Gov. Kathy Hochul. It expands the state CRA to include lenders that do not accept deposits like traditional banks (such as mortgage bankers.) [Read More](#)
- Gov. Hochul announced [four new picks for top administration roles](#). They include **Kate Harris as Deputy Secretary for Financial Services and Technology**. She was Director of the "Reimagine New York Commission" on the State's recovery from the pandemic, and previously was minority counsel for the U.S. Senate Select Committee on Intelligence. She was also a member of the Policy Planning Staff at the U.S. State Department; worked at the U.S. Treasury Department on financial crisis response, and on domestic and international economic policy including access to credit for small businesses, smart financial regulation, consumer protection, global anti-corruption, and broadband technologies. <https://www.governor.ny.gov/news/governor-hochul-announces-administration-nominations-and-appointments>
- It's Election Day in New York, meaning the state is that much closer to deciding a number of high-profile toss-up races – and in parts of the state like New York City, many not-so-competitive races. [Here are the ones to watch](#). A series of Election Day contests may serve as a barometer of how far left Democratic voters in New York State want their party to go, [the Times reports](#).
- NYC Mayor De Blasio plans to run for governor of New York in 2022, although it is not clear when he will make the announcement, according to three sources with knowledge of the matter, the [New York Post reports](#).
- State Attorney General James likened former Gov. Cuomo's pushback over the alleged sexual harassment accusations he faces to former President Trump's "baseless election fraud claims," the [Daily News reports](#).
- Former State Financial Services Superintendent Maria Vullo is reportedly considering a bid for NYS Attorney General in what would be a crowded field for the Democratic nomination, which opened up now that incumbent Letitia James is running for governor. Brooklyn D.A. Eric Gonzalez is [believed to be weighing a run](#). Zephyr Teachout, a progressive advocate and law professor, [has filed to run](#). Others interested include [state](#)

[Sen. Shelley Mayer](https://nystateofpolitics.com/state-of-politics/new-york/ny-state-of-politics/2021/11/02/former-financial-services-chief-considers-ag-run...) and Deputy Senate Majority Leader Mike Gianaris. Vullo was Superintendent from 2016 to 2019 and earlier was a top Deputy State Attorney General, and Assemblyman Vanel. [https://nystateofpolitics.com/state-of-politics/new-york/ny-state-of-politics/2021/11/02/former-financial-services-chief-considers-ag-run. . .](https://nystateofpolitics.com/state-of-politics/new-york/ny-state-of-politics/2021/11/02/former-financial-services-chief-considers-ag-run...)
https://www.qchron.com/editions/eastern/assemblyman-vanel-seeks-attorney-general-office/article_b3ed5894-3b4d-11ec-9d5e-ab1176ddb313.html

- The 2020 census may have missed more than 1.5 million people, enough to cost New York the congressional seat that went to Minnesota, according to a report released Tuesday. The Urban Institute estimated a close to 1 percent net double count in Minnesota, contributing to the state keeping all of its House seats in reapportionment. [Read more...](#)

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IBANYS will continue to provide updates as additional information becomes available. Thank you all for your continued participation and support.

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