



Rep. Tom Emmer on Emmer Speaks on his FSOC Reform Act

Broadcast: April 14, 2016 • Duration: 5:02

****REP. TOM EMMER:**

** Thank you. To my colleague from Texas, Chair Hensarling, and Mr. Speaker, I'm a firm believer in a transparent and accountable government, and if a federal institution is failing to meet these fundamental criteria, Congress needs to act. Unfortunately, the Financial Stability Oversight Council, more commonly known in Washington speak as the FSOC, and the Office of Financial Research, more commonly called the OFR, currently operate in the shadows, outside of congressional oversight and the democratic process. This has led to nonsensical and heavy-handed abuse by the government of numerous financial companies that had absolutely nothing to do with causing the 2008 financial crisis. While I strongly believe that those who created the crisis must be punished, I can't stand by while businesses that had nothing to do with the crisis are being unjustly burdened with new regulations that force American consumers to pay higher prices for essential financial products like home mortgages and student auto and business loans. That's why I introduced the Financial Stability Oversight Council Reform Act. Not only will the bill reduce mandatory spending by \$1.3 billion over the next 10 years, it will make the FSOC and OFR accountable to the American people through their elected representatives. Over the years, Congress has given much of its power to unelected bureaucrats. This legislation returns the constitutional power of the purse back to Congress by subjecting FSOC and the OFR to the appropriations process. As you know, FSOC is authorized to identify risks to the financial stability of the United States. This authority allows the FSOC to designate non-bank institutions as systemically important financial institutions or SIFIs, which in turn increases supervision and regulation of these firms by the federal government. The Office of Financial Research was created to provide the research and analysis necessary for the FSOC to carry out the statutory mandate. In a classic Washington fox guarding the hen house scenario, the FSOC and OFR are currently funded through taxes, or assessments as we prefer to call them, that they collect from the very SIFIs they designate. These unelected bureaucrats then set their own budgets without any oversight or approval by Congress. Is it any surprise that the FSOC budget is already five times larger today than it was in 2010? Senator Dodd and Representative Frank have both acknowledged that they never intended that insurance companies be designated as non-bank SIFIs. Despite the stated intent by the authors of the Wall Street Reform Act, the FSOC has already designated three insurance companies as non-bank SIFIs. Unfortunately, further complicating the problem, the FSOC has failed to create a viable off-ramp for designated companies and has not shared with Congress how they make these designations in the first place. The OFR has received its fair share of criticism too. In 2013, their asset manager report wasn't only condemned by the industry, but the Federal Government Securities and Exchange Commission also expressed concerns. According to a Reuters report, the SEC was concerned that the people who conducted the study at OFR, quote, lacked a fundamental understanding of the fund industry itself. End quote. The Treasury's research arm failed to take a number of the SEC's critical feedback into account. Thus, the SEC created its own comment period for the report. Better Markets, a group that regularly advocates for increased government regulation, actually criticized the OFR for the inexplicably and indefensibly poor quality of the work presented in the report. Despite all of this and the fact that Congressman Frank has also condemned the idea of designating asset managers,



many fear the FSOC will move next with an asset manager SIFI designation. For these reasons, I believe it's absolutely critical that we pass the Financial Stability Oversight Council Reform Act. It's crucial for the FSOC and OFR to be more transparent and accountable to the American people. Subjecting these entities to the Congressional oversight process, enhancing OFR quarterly reporting requirements, and allowing Americans to weigh in on OFR rules and regulations, gives Congress the tools it needs to provide the proper oversight of FSOC and OFR. Now, some may argue that Congress should just trust these bureaucracies, but our Constitution makes it abundantly clear that Congress, and Congress alone, has the power of the purse. And like one of our great leaders once reminded us, trust but verify. I want to thank Chairman Hensarling for his leadership on this issue, and I urge all of my colleagues to support the Financial Stability Oversight Council Reform Act, and I yield back.

This transcript was independently produced by MN-06 Watch for accountability and archival purposes.

Source: (April 14, 2016)

Archived: February 06, 2026

Source URL: <https://youtu.be/Mn5AM2TBpPM>

For questions or corrections: mn06watch@gmail.com