Rep. Tom Emmer on Emmer Speaks at Financial Services Committee Markup of his Bill. H.R. 3340, the "FSOC Reform Act

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**REP. TOM EMMER:

** Thank you, Mr. Chair. Five years ago, the Dodd-Frank Act created both the Financial Oversight Council and the Office of Financial Research, more commonly known as the FSOC and the OFR. According to Title I, Subtitle A of the Act, the FSOC is authorized to identify risks to the financial stability of the United States that could arise from the material financial distress or failure or ongoing activities of large interconnected bank holding companies or non-bank financial companies or that could arise outside the financial services marketplace and to respond to emerging threats to the stability of the United States financial system. This authority allows the FSOC to designate non-bank institutions as systemically important financial institutions, otherwise known as SIFIs or SIFIs, which, in turn, increases supervision of and regulation on these firms by the Federal Reserve Board. The OFR was created to provide the research and the analysis necessary for the FSOC to perform its statutory mandate. Section 155 of the Dodd-Frank Act authorizes the OFR to fund itself and the FSOC through an assessment schedule applicable to bank holding companies over $50 billion in total consolidated assets and non-bank financial companies designated as SIFIs by the FSOC. H.R. 3340 proposes to improve the operation and the performance of the FSOC and the OFR by improving transparency, accountability, and congressional oversight. The legislation provides for three specific improvements. The legislation will amend the Dodd-Frank Act to make the budgets of the FSOC and the OFR subject to the annual appropriations process. However, it does not change the funding source. Assessments on SIFIs will still be used to fund the FSOC and the OFR. What does change is the fact that their budgets will be debated and approved through the appropriation process. This is a minor and simple change. However, it will make the FSOC and the OFR more transparent and accountable to the American public, and it will satisfy the oversight responsibility of Congress. In addition, this legislation will also enhance transparency and accountability by requiring the OFR to provide quarterly reports about its activities to Congress and to provide a public notice and comment period of at least 90 days before issuing certain reports, rules, or regulations. Again, these are minor changes intended to improve the transparency, accountability, and the congressional oversight of the FSOC and the OFR. Briefly, I want to also talk about a manager's amendment that I will be offering later today to address some of the concerns raised by the Ranking Member during a recent legislative hearing. As you may recall, Ranking Member Waters was critical of a provision that would require the OFR to solicit public comment before issuing any report. In response to this criticism, the amendment I will be offering later will exempt the OFR's annual report and quarterly reports from the public notice and comment requirements, and it will clarify the public notice and comment process for the reports that are not being exempted. I hope this will address the Ranking Member's concern, and at this point I want to thank all the cosponsors of this legislation for their support and ask that the committee as a whole support this important legislation. And I yield the balance of my time.

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