



Rep. Tom Emmer on Emmer Questions the Financial Stability Oversight Council

Broadcast: December 10, 2015 • Duration: 5:45

REP. TOM EMMER:

Thank you, Mr. Chair, Ranking Member. Thank you to the witnesses for being here for so long today. Chair Massad, for you, it's good to see you again. We first had the opportunity or an opportunity to meet while I was serving on the Ag Committee, and I wanted to ask you when, I'll put it this way, I wrote it out so I do it right, does it concern you that a regulatory body comprised primarily of banking, credit union, housing, and other regulators have the authority to intervene in markets that you, the CFTC, regulate and potentially substitute their judgment for yours in highly complex or highly technical matters?

CHAIR MASSAD:

Well, thank you for the question, Congressman. I think the structure we have is a very good one in that it brings all the regulators together, which allows us to look across the financial system, to look at emerging risks. There are issues in our markets where other regulators have certain responsibilities, whether they're things like margin rules for swaps, regulation of central clearinghouses. I think it's a beneficial

REP. TOM EMMER:

If I could interrupt you, because it's limited time, and I appreciate it. I wasn't asking for the mission statement. I'm asking specifically with respect to the CFTC. I've heard all kinds of questioning today, and I've done a little reading about how the FSOC decided that in spite of the one insurance expert voting member, they substituted their judgment in place of his. And I'm asking you, doesn't it concern you or does it present any concern to you that this body, this regulatory body, might substitute its opinion for yours at the CFTC?

CHAIR MASSAD:

Well, I see it as a structure which doesn't so much involve substituting its opinion for ours, but rather bringing regulators together so that they can share information, cooperate, and coordinate what we're doing. And I think that's very beneficial to the overall system.

REP. TOM EMMER:

Well, let me put it to you this way. When the CFTC members meet to consider issuing a proposed or final rule or decide an enforcement matter, even though you are the chairman of the CFTC, your vote counts the same as all of your fellow commissioners, correct?

CHAIR MASSAD:

That is correct, sir.

REP. TOM EMMER:



All right. But now when you sit on the FSOC board and you take a vote that might be different from what your fellow commissioners would do at the CFTC, how is that not corrupting, if you will, maybe that's a very strong word, but the process that we put in place or that has been put in place to operate the CFTC?

CHAIR MASSAD:

The FSOC isn't taking votes on our enforcement matters or on the rules that we're issuing, so I don't see a conflict there, sir.

REP. TOM EMMER:

What if your position on the FSOC differs from one of your four commissioners at the CFTC? What recourse do any of those commissioners have for your votes on the FSOC?

CHAIR MASSAD:

Well, I try to have an open door with all my commissioners and always am willing to share my thoughts and hear theirs. The structure

REP. TOM EMMER:

So they just have to trust you?

CHAIR MASSAD:

Well, I would say that the structure that Congress has decided is one where each of us as individuals are the member.

REP. TOM EMMER:

I know what they've decided, and I apologize. I don't mean to be disrespectful, but the bottom line is they don't have any recourse other than your open door, and then they'd have to trust you to change or do what they're asking you to do.

CHAIR MASSAD:

Well, I think, again, we try to have a good dialogue about all these issues, and I'm someone who likes to listen and I try to respect other people's opinions and take those into account, sir.

REP. TOM EMMER:

Mr. Watt, Article 1, Section 7, and I'm directing this at you because of your experience, your lengthy experience and the respect you have from members in Congress for your service here, and I'll just cut to the chase. The Constitution gives Congress the power of the purse, correct?

MR. WATT:

Yes.

REP. TOM EMMER:

When we look at the Financial Stability Oversight Council, how is it funded?

MR. WATT:



It's funded the way it's set up under the statute. You all have the authority to change it if you wanted to do that, but

REP. TOM EMMER:

Well, let me help. It's Assessments from banking holding companies managing \$50 billion or more in assets are taken and placed into a fund at the Treasury called the Financial Research Fund. This money is given to FSOC and the Office of Financial Research without oversight. I've got a bill that would actually subject the FSOC and the Office of Financial Research to oversight. Do you agree with that, congressional oversight?

MR. WATT:

I don't either agree or disagree. If you can get it passed, I'm sure FSOC would comply with it.

REP. TOM EMMER:

Well, I'm looking at the budget that FSOC approved for itself in 2015. Can you tell me, sir, under nonlabor costs, what is, quote, included in other support?

MR. WATT:

We got a full briefing before we voted on that budget, and I'm sure at the time I understood every aspect of it. I don't remember specifically what each category is now, but we didn't just rubber stamp that budget, I can assure you.

REP. TOM EMMER:

And would you submit that briefing to my office on request?

MR. WATT:

I think it would be appropriate for FSOC, for you to make that request to FSOC rather than to me individually. I would not submit it as an individual member of FSOC.

REP. TOM EMMER:

Thank you.

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

Source: (December 10, 2015)

Archived: February 06, 2026

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

For questions or corrections: mn06watch@gmail.com