

FINANCIAL STABILITY OVERSIGHT COUNCIL REFORM  
ACT

MARCH 23, 2015.—Committed to the Committee of the Whole House on the State  
of the Union and ordered to be printed

Mr. HENSARLING, from the Committee on Financial Services,  
submitted the following

R E P O R T

together with

MINORITY VIEWS

[To accompany H.R. 3340]

[Including cost estimate of the Congressional Budget Office]

The Committee on Financial Services, to whom was referred the bill (H.R. 3340) to place the Financial Stability Oversight Council and the Office of Financial Research under the regular appropriations process, to provide for certain quarterly reporting and public notice and comment requirements for the Office of Financial Research, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Strike all after the enacting clause and insert the following:

**SECTION 1. SHORT TITLE.**

This Act may be cited as the “Financial Stability Oversight Council Reform Act”.

**SEC. 2. FUNDING.**

(a) **IN GENERAL.**—Section 155 of the Financial Stability Act of 2010 (12 U.S.C. 5345) is amended—

(1) in subsection (b)—

(A) in paragraph (1), by striking “be immediately available to the Office” and inserting “be available to the Office, as provided for in appropriation Acts”;

(B) by striking paragraph (2); and

(C) by redesignating paragraph (3) as paragraph (2); and

(2) in subsection (d), by amending the heading to read as follows: “ASSESSMENT SCHEDULE.—”.

(b) **EFFECTIVE DATE.**—The amendments made by this section shall take effect on October 1, 2016.

**SEC. 3. QUARTERLY REPORTING.**

Section 153 of the Financial Stability Act of 2010 (12 U.S.C. 5343) is amended by adding at the end the following:

“(g) **QUARTERLY REPORTING.**—

“(1) **IN GENERAL.**—Not later than 60 days after the end of each quarter, the Office shall submit reports on the Office’s activities to the Committees on Appropriations of the House of Representatives and the Senate, the Committee on Financial Services of the House of Representatives, and the Committee on Banking, Housing, and Urban Affairs of the Senate.

“(2) **CONTENTS.**—The reports required under paragraph (1) shall include—

“(A) the obligations made during the previous quarter by object class, office, and activity;

“(B) the estimated obligations for the remainder of the fiscal year by object class, office, and activity;

“(C) the number of full-time equivalents within the Office during the previous quarter;

“(D) the estimated number of full-time equivalents within each office for the remainder of the fiscal year; and

“(E) actions taken to achieve the goals, objectives, and performance measures of the Office.

“(3) **TESTIMONY.**—At the request of any committee specified under paragraph (1), the Office shall make officials available to testify on the contents of the reports required under paragraph (1).”.

**SEC. 4. PUBLIC NOTICE AND COMMENT PERIOD.**

Section 153(c) of the Financial Stability Act of 2010 (12 U.S.C. 5343(c)) is amended by adding at the end the following:

“(3) **PUBLIC NOTICE AND COMMENT PERIOD.**—The Office shall provide for a public notice and comment period of not less than 90 days before issuing any proposed report, rule, or regulation.

“(4) **ADDITIONAL REPORT REQUIREMENTS.**—

“(A) **IN GENERAL.**—Except as provided under paragraph (3), the requirements under section 553 of title 5, United States Code, shall apply to a proposed report of the Office to the same extent as such requirements apply to a proposed rule of the Office.

“(B) **EXCEPTION FOR CERTAIN REPORTS.**—This paragraph and paragraph (3) shall not apply to a report required under subsection (g)(1) or section 154(d)(1).”.

**PURPOSE AND SUMMARY**

On July 29, 2015, Representative Tom Emmer introduced H.R. 3340, the “Financial Stability Council Reform Act,” which amends the Financial Stability Act of 2010 to provide funding for the Financial Stability Oversight Council (FSOC) and the Office of Financial Research (OFR) through appropriations acts. H.R. 3340 also requires the OFR to submit quarterly reports to Congress regarding its activities and to provide a public notice and comment period of at least 90 days before issuing any report, rule, or regulation.

**BACKGROUND AND NEED FOR LEGISLATION**

The Dodd-Frank Wall Street Reform and Consumer Protection Act created the FSOC and charged it with identifying risks to the financial stability of the United States, promoting market discipline by eliminating the expectation of government bailouts, and responding to emerging threats to the U.S. financial system. The Dodd-Frank Act also created the OFR as an office within the Treasury Department charged with collecting and analyzing financial transaction and position data in support of the FSOC. The Dodd-Frank Act grants the OFR broad powers to compel the production of vast amounts of information and data from financial

market participants. The OFR has the authority to demand “all data necessary” from financial companies, including banks, hedge funds, private equity firms, and brokerages. The OFR can compel financial companies to produce sensitive, non-public information such as the identities of counterparties to credit default swaps, as well as information about individual loans, such as interest rate and maturity. To compel the production of information, the director of the OFR may issue subpoenas.

The OFR sets its own budget and funds itself outside of the Congressional appropriations process. Moreover, under Section 118 of the Dodd-Frank Act, any expenses of the FSOC are treated as expenses of, and paid by, the OFR, placing FSOC outside the appropriations process as well. 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 with over \$50 billion in total consolidated assets, and nonbank financial companies designated by the FSOC for enhanced supervision by the Federal Reserve Board of Governors.

Because the OFR funds itself through the assessments it levies on financial institutions, Congress’s oversight over it is significantly limited; the Dodd-Frank Act only requires that the Director report to and testify annually before Congress. Additionally, the OFR determines the size of its staff with no direction from Congress, and the salaries that the OFR pays its employees are not subject to the limitations that govern the salaries of other government employees. At the end of FY 2015, OFR had 201 employees, more than six times the number of people it employed in FY 2011. In FY 2015, the OFR spent about \$85 million; its estimated budget for FY 2016 is \$99 million, a 16% increase.

#### HEARINGS

The Committee on Financial Services’ Subcommittee on Financial Institutions and Consumer Credit held a hearing examining matters relating to H.R. 3340 on October 21, 2015.

#### COMMITTEE CONSIDERATION

The Committee on Financial Services met in open session on November 3, 2015, and adopted an amendment to H.R. 3340 offered by Representative Emmer by voice vote. The Committee ordered H.R. 3340 to be reported favorably to the House as amended by a recorded vote of 33 yeas to 24 nays (recorded vote no. FC–69), a quorum being present.

#### COMMITTEE VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee to list the record votes on the motion to report legislation and amendments thereto. The sole record vote in committee was a motion by Chairman Hensarling to report the bill favorably to the House as amended. The motion was agreed to by a recorded vote of 33 yeas to 24 nays (record vote no. FC–69), a quorum being present.

## Record vote no. FC-69

Representative	Yea	Nay	Present	Representative	Yea	Nay	Present
Mr. Hensarling .....	X			Ms. Waters (CA) .....		X	
Mr. King (NY) .....				Mrs. Maloney (NY) .....		X	
Mr. Royce .....	X			Ms. Velázquez .....		X	
Mr. Lucas .....	X			Mr. Sherman .....		X	
Mr. Garrett .....	X			Mr. Meeks .....			
Mr. Neugebauer .....	X			Mr. Capuano .....		X	
Mr. McHenry .....	X			Mr. Hinojosa .....		X	
Mr. Pearce .....	X			Mr. Clay .....		X	
Mr. Posey .....	X			Mr. Lynch .....		X	
Mr. Fitzpatrick .....	X			Mr. David Scott (GA) .....		X	
Mr. Westmoreland .....	X			Mr. Al Green (TX) .....		X	
Mr. Luetkemeyer .....	X			Mr. Cleaver .....		X	
Mr. Huizenga (MI) .....	X			Ms. Moore .....		X	
Mr. Duffy .....	X			Mr. Ellison .....		X	
Mr. Hurt (VA) .....	X			Mr. Perlmutter .....		X	
Mr. Stivers .....	X			Mr. Himes .....		X	
Mr. Fincher .....	X			Mr. Carney .....		X	
Mr. Stutzman .....	X			Ms. Sewell (AL) .....		X	
Mr. Mulvaney .....	X			Mr. Foster .....		X	
Mr. Hultgren .....	X			Mr. Kildee .....		X	
Mr. Ross .....	X			Mr. Murphy (FL) .....			
Mr. Pittenger .....	X			Mr. Delaney .....		X	
Mrs. Wagner .....	X			Ms. Sinema .....		X	
Mr. Barr .....	X			Mrs. Beatty .....		X	
Mr. Rothfus .....	X			Mr. Heck (WA) .....		X	
Mr. Messer .....	X			Mr. Vargas .....		X	
Mr. Schweikert .....	X						
Mr. Guinta .....	X						
Mr. Tipton .....	X						
Mr. Williams .....	X						
Mr. Poliquin .....	X						
Mrs. Love .....	X						
Mr. Hill .....	X						
Mr. Emmer .....	X						

COMMITTEE OVERSIGHT FINDINGS

Pursuant to clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the findings and recommendations of the committee based on oversight activities under clause 2(b)(1) of rule X of the Rules of the House of Representatives, are incorporated in the descriptive portions of this report.

PERFORMANCE GOALS AND OBJECTIVES

Pursuant to clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the Committee states that H.R. 3340 will provide for greater transparency and accountability in the operations of the FSOC and OFR by subjecting both agencies to the congressional appropriations process, and by requiring the OFR to submit quarterly reports to Congress and to provide public notice and comment before the issuance of any rule, regulation, or report.

NEW BUDGET AUTHORITY, ENTITLEMENT AUTHORITY, AND TAX EXPENDITURES

In compliance with clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee adopts as its own the estimate of new budget authority, entitlement authority, or tax expenditures or revenues contained in the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974.

COMMITTEE COST ESTIMATE

The Committee adopts as its own the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974.

CONGRESSIONAL BUDGET OFFICE ESTIMATES

Pursuant to clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, the following is the cost estimate provided by the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974:

U.S. CONGRESS,  
CONGRESSIONAL BUDGET OFFICE,  
*Washington, DC, December 1, 2015.*

Hon. JEB HENSARLING,  
*Chairman, Committee on Financial Services,  
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 3340, the Financial Stability Oversight Council Reform Act.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Susan Willie.

Sincerely,

KEITH HALL.

Enclosure.

*H.R. 3340—Financial Stability Oversight Council Reform Act*

Summary: Under current law, the Financial Research Fund (FRF) is permanently authorized to pay, without further appropriation, the operating costs of the Financial Stability Oversight Council (FSOC), the Office of Financial Research (OFR), as well as certain expenses of the Federal Deposit Insurance Corporation from assessments on certain bank holding companies and nonbank financial companies. H.R. 3340 would change the law so that spending from the FRF would be subject to the annual appropriations process. The bill also would direct FSOC to prepare financial reports that would be submitted to the Congress each quarter and allow the public to comment on FSOC's proposed rules and reports.

CBO estimates that enacting H.R. 3340 would reduce direct spending by \$1.3 billion over the 2016–2025 period; therefore pay-as-you-go procedures apply. (Enacting the bill would not affect revenues.) CBO estimates that implementing the bill would cost the same amount over that period, assuming appropriation of the necessary amounts.

CBO estimates that enacting the legislation would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2026.

H.R. 3340 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

Estimated cost to the Federal Government: The estimated budgetary effect of H.R. 3340 is shown in the following table. The costs of this legislation fall within budget function 370 (commerce and housing credit).

	By fiscal year, in millions of dollars—											
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
CHANGES IN DIRECT SPENDING												
Estimated Budget Authority	0	–133	–130	–134	–138	–142	–146	–150	–154	–158	–535	–1,285
Estimated Outlays ..	0	–111	–132	–133	–137	–141	–145	–149	–153	–157	–513	–1,258
CHANGES IN SPENDING SUBJECT TO APPROPRIATION												
Estimated Authorization Level .....	0	133	130	134	138	142	146	150	154	158	535	1,285
Estimated Outlays ..	0	111	132	133	137	141	145	149	153	157	513	1,258

Basis of estimate: For this estimate, CBO assumes that the bill will be enacted early in calendar year 2016, the necessary amounts will be appropriated each year, and spending will follow historical patterns for operations of the FRF.

The Dodd-Frank Wall Street Reform and Consumer Financial Protection Act established the Financial Research Fund to pay the expenses of the OFR, and provided that the operating costs of FSOC should be considered expenses of the OFR. Further, the act provided that certain expenses of the Federal Deposit Insurance Corporation also be treated as expenses of FSOC. All of those costs

are recorded in the budget as direct spending, and are offset by assessments on certain bank holding companies and nonbank financial companies. Those assessments are recorded in the budget as revenues. Enacting the bill would not affect the collection of those assessments.

*Direct spending*

H.R. 3340 would terminate the permanent spending authority of the FRF, starting in fiscal year 2017, by requiring expenditures from the FRF to be provided through the annual appropriations process. Based on information from the agency, CBO estimates that enacting this change to the method of funding the FRF would reduce direct spending by about \$1.3 billion over the 2016–2025 period. Because the bill would not change the underlying responsibilities of the fund, CBO expects that the operating costs of the FRF would remain the same.

*Spending subject to appropriation*

Because CBO expects that the operating expenses of the FRF would remain the same under the bill, CBO estimates that implementing the change in the method of funding the FRF would cost \$513 million over the 2016–2020 period, assuming appropriation of the estimated amounts.

Pay-As-You-Go considerations: The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The changes in outlays that are subject to those pay-as-you-go procedures are shown in the following table.

CBO ESTIMATE OF PAY-AS-YOU-GO EFFECTS FOR H.R. 3340, AS ORDERED REPORTED BY THE HOUSE COMMITTEE ON FINANCIAL SERVICES ON NOVEMBER 4, 2015

	By fiscal year, in millions of dollars—												
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025	
NET DECREASE IN THE DEFICIT													
Statutory													
Pay-As-													
You-Go													
Effect .....	0	-111	-132	-133	-137	-141	-145	-149	-153	-157	-513	-1,258	

Increase in long term direct spending and deficits: CBO estimates that enacting the legislation would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2026.

Intergovernmental and private-sector impact: H.R. 3340 contains no intergovernmental or private-sector mandates as defined UMRA and would not affect the budgets of state, local, or tribal governments.

Estimate prepared by: Federal Costs: Susan Willie; Impact on State, Local, and Tribal Governments: Melissa Merrell; Impact on the Private Sector: Logan Smith.

Estimate approved by: H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.

## FEDERAL MANDATES STATEMENT

The Committee adopts as its own the estimate of Federal mandates prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates reform Act.

## ADVISORY COMMITTEE STATEMENT

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act were created by this legislation.

## APPLICABILITY TO LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act.

## EARMARK IDENTIFICATION

H.R. 3340 does not contain any congressional earmarks, limited tax benefits, or limited tariff benefits as defined in clause 9 of rule XXI.

## DUPLICATION OF FEDERAL PROGRAMS

Pursuant to section 3(g) of H. Res. 5, 114th Cong. (2015), the Committee states that no provision of H.R. 3340 establishes or re-authorizes a program of the Federal Government known to be duplicative of another Federal program, a program that was included in any report from the Government Accountability Office to Congress pursuant to section 21 of Public Law 111–139, or a program related to a program identified in the most recent Catalog of Federal Domestic Assistance.

## DISCLOSURE OF DIRECTED RULEMAKING

Pursuant to section 3(i) of H. Res. 5, 114th Cong. (2015), the Committee states that H.R. 3340 contains no directed rulemaking.

## SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

*Section 1. Short title*

This section cites H.R. 3340 as the “Financial Stability Oversight Council Reform Act.”

*Section 2. Funding*

This section amends Section 155 of the Financial Stability Act of 2010 to provide that funds in the Financial Research Fund shall be available for the expenses of the FSOC and OFR as provided for in appropriation Acts.

*Section 3. Quarterly reporting*

This section amends Section 153 of the Financial Stability Act to require that the OFR report to Congress on a quarterly basis about the status of its finances and workforce, as well as actions taken to achieve the OFR’s goals, objectives, and performance measures.

*Section 4. Public notice and comment period*

This section amends Section 153(c) of the Financial Stability Act of 2010 to require OFR to provide for a public notice and comment period of not less than 90 days before issuing any proposed report, rule, or regulation.

## CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, and existing law in which no change is proposed is shown in roman):

**FINANCIAL STABILITY ACT OF 2010****TITLE I—FINANCIAL STABILITY****SEC. 101. SHORT TITLE.**

This title may be cited as the “Financial Stability Act of 2010”.

\* \* \* \* \*

**Subtitle B—Office of Financial Research**

\* \* \* \* \*

**SEC. 153. PURPOSE AND DUTIES OF THE OFFICE.**

(a) **PURPOSE AND DUTIES.**—The purpose of the Office is to support the Council in fulfilling the purposes and duties of the Council, as set forth in subtitle A, and to support member agencies, by—

- (1) collecting data on behalf of the Council, and providing such data to the Council and member agencies;
- (2) standardizing the types and formats of data reported and collected;
- (3) performing applied research and essential long-term research;
- (4) developing tools for risk measurement and monitoring;
- (5) performing other related services;
- (6) making the results of the activities of the Office available to financial regulatory agencies; and
- (7) assisting such member agencies in determining the types and formats of data authorized by this Act to be collected by such member agencies.

(b) **ADMINISTRATIVE AUTHORITY.**—The Office may—

- (1) share data and information, including software developed by the Office, with the Council, member agencies, and the Bureau of Economic Analysis, which shared data, information, and software—
  - (A) shall be maintained with at least the same level of security as is used by the Office; and
  - (B) may not be shared with any individual or entity without the permission of the Council;
- (2) sponsor and conduct research projects; and

(3) assist, on a reimbursable basis, with financial analyses undertaken at the request of other Federal agencies that are not member agencies.

(c) RULEMAKING AUTHORITY.—

(1) SCOPE.—The Office, in consultation with the Chairperson, shall issue rules, regulations, and orders only to the extent necessary to carry out the purposes and duties described in paragraphs (1), (2), and (7) of subsection (a).

(2) STANDARDIZATION.—Member agencies, in consultation with the Office, shall implement regulations promulgated by the Office under paragraph (1) to standardize the types and formats of data reported and collected on behalf of the Council, as described in subsection (a)(2). If a member agency fails to implement such regulations prior to the expiration of the 3-year period following the date of publication of final regulations, the Office, in consultation with the Chairperson, may implement such regulations with respect to the financial entities under the jurisdiction of the member agency. This paragraph shall not supersede or interfere with the independent authority of a member agency under other law to collect data, in such format and manner as the member agency requires.

(3) PUBLIC NOTICE AND COMMENT PERIOD.—*The Office shall provide for a public notice and comment period of not less than 90 days before issuing any proposed report, rule, or regulation.*

(4) ADDITIONAL REPORT REQUIREMENTS.—

(A) IN GENERAL.—*Except as provided under paragraph (3), the requirements under section 553 of title 5, United States Code, shall apply to a proposed report of the Office to the same extent as such requirements apply to a proposed rule of the Office.*

(B) EXCEPTION FOR CERTAIN REPORTS.—*This paragraph and paragraph (3) shall not apply to a report required under subsection (g)(1) or section 154(d)(1).*

(d) TESTIMONY.—

(1) IN GENERAL.—The Director of the Office shall report to and testify before the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives annually on the activities of the Office, including the work of the Data Center and the Research and Analysis Center, and the assessment of the Office of significant financial market developments and potential emerging threats to the financial stability of the United States.

(2) NO PRIOR REVIEW.—No officer or agency of the United States shall have any authority to require the Director to submit the testimony required under paragraph (1) or other congressional testimony to any officer or agency of the United States for approval, comment, or review prior to the submission of such testimony. Any such testimony to Congress shall include a statement that the views expressed therein are those of the Director and do not necessarily represent the views of the President.

(e) ADDITIONAL REPORTS.—The Director may provide additional reports to Congress concerning the financial stability of the United

States. The Director shall notify the Council of any such additional reports provided to Congress.

(f) SUBPOENA.—

(1) IN GENERAL.—The Director may require from a financial company, by subpoena, the production of the data requested under subsection (a)(1) and section 154(b)(1), but only upon a written finding by the Director that—

(A) such data is required to carry out the functions described under this subtitle; and

(B) the Office has coordinated with the relevant primary financial regulatory agency, as required under section 154(b)(1)(B)(ii).

(2) FORMAT.—Subpoenas under paragraph (1) shall bear the signature of the Director, and shall be served by any person or class of persons designated by the Director for that purpose.

(3) ENFORCEMENT.—In the case of contumacy or failure to obey a subpoena, the subpoena shall be enforceable by order of any appropriate district court of the United States. Any failure to obey the order of the court may be punished by the court as a contempt of court.

(g) QUARTERLY REPORTING.—

(1) IN GENERAL.—*Not later than 60 days after the end of each quarter, the Office shall submit reports on the Office’s activities to the Committees on Appropriations of the House of Representatives and the Senate, the Committee on Financial Services of the House of Representatives, and the Committee on Banking, Housing, and Urban Affairs of the Senate.*

(2) CONTENTS.—*The reports required under paragraph (1) shall include—*

*(A) the obligations made during the previous quarter by object class, office, and activity;*

*(B) the estimated obligations for the remainder of the fiscal year by object class, office, and activity;*

*(C) the number of full-time equivalents within the Office during the previous quarter;*

*(D) the estimated number of full-time equivalents within each office for the remainder of the fiscal year; and*

*(E) actions taken to achieve the goals, objectives, and performance measures of the Office.*

(3) TESTIMONY.—*At the request of any committee specified under paragraph (1), the Office shall make officials available to testify on the contents of the reports required under paragraph (1).*

\* \* \* \* \*

**SEC. 155. FUNDING.**

(a) FINANCIAL RESEARCH FUND.—

(1) FUND ESTABLISHED.—There is established in the Treasury of the United States a separate fund to be known as the “Financial Research Fund”.

(2) FUND RECEIPTS.—All amounts provided to the Office under subsection (c), and all assessments that the Office receives under subsection (d) shall be deposited into the Financial Research Fund.

(3) INVESTMENTS AUTHORIZED.—

(A) AMOUNTS IN FUND MAY BE INVESTED.—The Director may request the Secretary to invest the portion of the Financial Research Fund that is not, in the judgment of the Director, required to meet the needs of the Office.

(B) ELIGIBLE INVESTMENTS.—Investments shall be made by the Secretary in obligations of the United States or obligations that are guaranteed as to principal and interest by the United States, with maturities suitable to the needs of the Financial Research Fund, as determined by the Director.

(4) INTEREST AND PROCEEDS CREDITED.—The interest on, and the proceeds from the sale or redemption of, any obligations held in the Financial Research Fund shall be credited to and form a part of the Financial Research Fund.

(b) USE OF FUNDS.—

(1) IN GENERAL.—Funds obtained by, transferred to, or credited to the Financial Research Fund shall ~~be immediately available to the Office~~ *be available to the Office, as provided for in appropriation Acts*, and shall remain available until expended, to pay the expenses of the Office in carrying out the duties and responsibilities of the Office.

[(2) FEES, ASSESSMENTS, AND OTHER FUNDS NOT GOVERNMENT FUNDS.—Funds obtained by, transferred to, or credited to the Financial Research Fund shall not be construed to be Government funds or appropriated moneys.]

[(3)] (2) AMOUNTS NOT SUBJECT TO APPORTIONMENT.—Notwithstanding any other provision of law, amounts in the Financial Research Fund shall not be subject to apportionment for purposes of chapter 15 of title 31, United States Code, or under any other authority, or for any other purpose.

(c) INTERIM FUNDING.—During the 2-year period following the date of enactment of this Act, the Board of Governors shall provide to the Office an amount sufficient to cover the expenses of the Office.

(d) [PERMANENT SELF-FUNDING] ASSESSMENT SCHEDULE.—Beginning 2 years after the date of enactment of this Act, the Secretary shall establish, by regulation, and with the approval of the Council, an assessment schedule, including the assessment base and rates, applicable to bank holding companies with total consolidated assets of 50,000,000,000 or greater and nonbank financial companies supervised by the Board of Governors, that takes into account differences among such companies, based on the considerations for establishing the prudential standards under section 115, to collect assessments equal to the total expenses of the Office.

\* \* \* \* \*

## MINORITY VIEWS

H.R. 3340 whittles away at the protections of the Dodd-Frank Wall Street Reform and Consumer Protection Act. Specifically, this bill would subject the Financial Stability Oversight Council (the Council) and the Office of Financial Research (OFR) to the Congressional appropriations process, and require the OFR to solicit public comment prior to issuing any report unlike any other federal agency.

The financial crisis of 2008 left millions homeless and unemployed as a result of financial firms circumventing our financial system's silos of regulation. Democrats created a framework to detect, prevent and mitigate systemic risk. Title I of the Dodd-Frank Act created the FSOC and the OFR to look across those silos into all corners of the financial system for systemic risk. The FSOC oversees and deters threats to the U.S. financial markets, and the OFR supports the FSOC with analytical research to better understand trends and developments related to financial stability.

Both the OFR and the FSOC set their own budgets outside of the appropriations process, and offset any spending by imposing a fee on bank holding companies with more than \$50 billion in consolidated assets and nonbank financial companies supervised by the Federal Reserve. This funding arrangement is similar to how the bank regulators (Fed, OCC, FDIC, and NCUA) set and fund their budgets. H.R. 3340 eliminates the independent budget setting authority of the OFR and FSOC by requiring Congress to first appropriate funds, but the bill does not eliminate the fee on financial institutions. As a result, if enacted, the OFR and FSOC would be funded in a manner similar to the SEC. This politicizes the FSOC and OFR and subjects them to the micromanagement of Congress, when it is important to have just the opposite—an assessment system that is impartial.

H.R. 3340 also requires the OFR to solicit public comment for a period of at least 90 days prior to issuing a proposed report, rule or regulation. Although this provision appears to be a response to industry criticism to the OFR's publication of a report examining the assessment management industry, the requirement would essentially corrupt all of OFR's research by requiring it to first tell the industry about what it is considering studying. Congress should be doing whatever it can to help OFR identify risks to our economy, and not stand in its way.

For these reasons, we oppose H.R. 3340.

MAXINE WATERS.  
WM. LACY CLAY.  
CAROLYN B. MALONEY.  
GWEN MOORE,  
RUBÉN HINOJOSA.  
GREGORY W. MEEKS.  
JUAN VARGAS.  
KEITH ELLISON.  
JOHN C. CARNEY.  
JOYCE BEATTY.  
BILL FOSTER.

