

OFFICE OF FINANCIAL RESEARCH ACCOUNTABILITY ACT
OF 2015

JUNE 8, 2016.—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. 3738]

[Including cost estimate of the Congressional Budget Office]

The Committee on Financial Services, to whom was referred the bill (H.R. 3738) to amend the Dodd-Frank Wall Street Reform and Consumer Protection Act to improve the transparency, accountability, governance, and operations of the Office of Financial Research, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSE AND SUMMARY

Introduced by Representative Royce on October 9, 2015, H.R. 3738, the “Office of Financial Research Accountability Act of 2015,” amends Section 153 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (P.L. 111-203) to improve the operations of the Office of Financial Research (OFR). The legislation requires the OFR’s Director to, after a public notice and comment period, publish a detailed strategic plan concerning the priorities of the OFR for the upcoming fiscal year. Additionally, H.R. 3738 requires the OFR Director to, before issuing any public report with respect to a specific entity, class of entities, or financial product or service: (i) consult with and incorporate any changes provided by the federal department or agency with expertise in regulating the product

or entity and (ii) provide a period of 90 days for public notice and comment on the report after incorporating changes provided by the relevant federal agency. Finally, H.R. 3738 requires the OFR to develop and implement a cybersecurity plan that uses appropriate safeguards adequate to protect the data of the OFR. The Government Accountability Office (GAO) is required to annually audit the OFR's cybersecurity plan and its implementation.

BACKGROUND AND NEED FOR LEGISLATION

Title I of the Dodd-Frank Act established the OFR as an office within the Treasury Department. The Dodd-Frank Act charges the OFR to collect and analyze financial transaction and position data in support of the Financial Stability Oversight Council (FSOC). The Dodd-Frank Act directs the OFR to create a Data Center and a Research and Analysis Center to do the following:

- collect data and disseminate it to the FSOC and its member agencies;
- standardize the types and formats of data reported and collected;
- perform applied and essential long-term research;
- develop tools for risk measurement and monitoring; and
- make the results of its activities available to financial regulatory agencies.

The Dodd-Frank Act requires the OFR to report annually to Congress on threats to the stability of the U.S. financial system, the OFR's activities, and the key findings from the OFR's research and analysis. In addition to these annual reports, the OFR also releases specific reports on subjects it has researched.

The Dodd-Frank Act grants the OFR broad powers to compel the production of vast amounts of data from participants in the financial markets. 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 the interest rate and maturity. To compel the production of information, the OFR's Director may issue subpoenas. Neither Congress nor the GAO has the ability to audit the OFR's information technology systems to examine and evaluate the controls that protect the security of the data in the OFR's possession.

The OFR and Congressional oversight

The OFR has the authority to set its own budget and to fund itself outside of the Congressional appropriations process. Since July 2012, the OFR has funded itself by levying assessments on bank holding companies that have total consolidated assets of \$50 billion or more and nonbank financial companies that the FSOC has designated for supervision by the Fed.

Because the Dodd-Frank Act authorizes the OFR to fund itself through the assessments it levies on financial institutions, the Act significantly limits the Congress's oversight over the OFR. 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 limits that govern the salaries of other government

employees. At the end of FY 2015, the 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.

H.R. 3738 requires the OFR to provide the public with its annual work plan that would include target dates for ‘significant actions’ and provide for public comments on that plan, but the legislation does not require the OFR to seek prior congressional approval for its annual work plan. The legislation ensures that the OFR works in concert with expert regulators to prepare its reports and provides agencies that have expertise in a matter subject to examination by the OFR with the opportunity to comment on the OFR’s work in advance of any public dissemination.

The OFR’s controversial asset management report

In 2012, the FSOC requested that the OFR study the asset management industry for potential risks to the financial system. On September 30, 2013, the OFR released its report and concluded that the asset management industry might pose a risk to financial stability—despite substantial data and analysis to support a contrary conclusion. The OFR’s asset management report was part of the FSOC’s decision-making process on whether to subject asset managers to heightened prudential standards and supervision by the Federal Reserve. The Treasury Department claimed that in conducting its research and writing its report, the OFR had “consulted extensively with Council [FSOC] member agencies.”

But one of those agencies—the Securities Exchange Commission (SEC), which is the primary regulator for asset managers—had significant concerns about the OFR’s research and its report. The SEC was so troubled about the accuracy of the report that it took the unusual step of opening a comment period for it. As Reuters reported, the SEC:

had been quietly advocating for major changes to the study for months, according to the sources. One of the SEC’s chief concerns stems from an earlier draft of the report that the agency felt exaggerated the riskiness of the business. The SEC has also been concerned that the people involved in the study lack a fundamental understanding of the fund industry itself, these people said. The Treasury’s research arm failed to take a number of the SEC’s critical feedback into account, said the sources. As a result, the SEC decided last week to issue the report for public comment, in a move designed to give the industry a way to vent, one person familiar with the matter said.

During the comment period, market participants, financial experts, and interest groups expressed significant concerns about the OFR’s methodology and its conclusions. The overwhelming majority of comments described substantive concerns with the OFR’s analysis. For example, the Securities Industry and Financial Markets Association (SIFMA) noted that the report “does not provide an accurate or comprehensive description of the asset management industry,” and pointed out that the “OFR appears to have used only a fraction of available data in its research.” The Investment Company Institute noted that “the OFR Study is replete with sweeping

conclusions unsupported by data; lacks clarity, precision, and consistency in its scope and focus; and misuses or misinterprets data.”

Even groups that are normally advocates of increased government regulation faulted the OFR’s report. Better Markets castigated the OFR for “the inexplicably and indefensibly poor quality of the work presented in the Report.” Better Markets highlighted “the inexcusable lack of transparency and disclosure regarding how and why the Report came about as well as how its analysis (such as it is) was conducted and with [whose] input and direction.”

In fact, Barney Frank—the primary House author of the Dodd-Frank Act and the former Chairman of the Financial Services Committee—criticized the OFR’s conclusions. As the Wall Street Journal noted:

Retired House Democrat Barney Frank is the last person on the planet you’d expect to criticize implementation of the 2010 law that bears his name. But there he was at a recent event hosted by the Clearing House trade group, suggesting that regulators ought to focus on banks instead of mutual-fund companies. According to the Clearing House, Mr. Frank said he did not favor designating such large asset managers as BlackRock or Fidelity as “systemically important” and that this was not the intent of his law. He added that “overloading the circuits isn’t a good idea” and said that the Financial Stability Oversight Council created by Dodd-Frank “has enough to do regulating the institutions that are clearly meant to be covered—the large banks.” Mr. Frank told the crowd, “I have not seen the argument made yet to cover” the “very plain-vanilla asset managers.”

Apparently in response to the significant criticism of the OFR Report, in July 2014 the FSOC announced that it would shift its focus to evaluating activities and products of the asset management industry rather than on designating specific entities as systemically important. In particular, the FSOC directed its staff to undertake a more focused analysis of industry-wide products and activities to assess potential risks associated with the asset management industry.

HEARINGS

The Committee on Financial Services did not hold a hearing on H.R. 3738 though it has held several oversight hearings examining matters relating to the OFR’s operations.

COMMITTEE CONSIDERATION

The Committee on Financial Services met in open session on November 3, 2015, and ordered H.R. 3738 to be reported favorably to the House without amendment by a recorded vote of 35 yeas to 22 nays (recorded vote no. 71), 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 without amendment. That motion was agreed to by a recorded vote of 35 yeas to 22 nays (record vote no. FC-71), a quorum being present.

Record vote no. FC-71

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. 3738 will bring accountability, oversight, and transparency to the OFR by requiring that its Director release a plan that highlights the OFR's annual priorities; by mandating that the OFR consult with expert departments and agencies before issuing reports on entities or financial products and services; and by compelling the OFR to implement a cybersecurity plan.

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, May 3, 2016.

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. 3738, the Office of Financial Research Accountability Act of 2015.

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

Sincerely,

KEITH HALL.

Enclosure.

H.R. 3738—Office of Financial Research Accountability Act of 2015

Summary: H.R. 3738 would direct the Office of Financial Research (OFR) to develop a detailed work plan for the upcoming fiscal year and to publish all reports completed by the office's researchers and financial analysts. In addition the bill would impose a new consultation requirement for all public reports produced by the OFR and would establish a formal notice and public comment period before the agency could issue a final report. Finally, under the bill, the OFR would prepare and implement a cybersecurity plan to protect the data the office possesses. The bill also would direct the Government Accountability Office (GAO) to audit the OFR's cybersecurity plan and its implementation.

CBO estimates that enacting H.R. 3738 would increase direct spending by \$32 million and revenues by \$28 million over the 2017–2026 period. On net, CBO estimates that enacting the bill would increase budget deficits by \$4 million over the 10-year period. Pay-as-you-go procedures apply because enacting the legislation would affect direct spending and revenues.

CBO estimates that enacting the legislation would not increase net direct spending or on-budget deficits by more than \$5 billion in any of the four consecutive 10-year periods beginning in 2027.

H.R. 3738 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. 3738 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– 2021	2016– 2026
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026					
INCREASES IN DIRECT SPENDING																
Office of Financial Research																
Estimated Budget Authority ...	0	3	3	3	3	3	3	3	3	4	4	15	32			
Estimated Outlays	0	3	3	3	3	3	3	3	3	4	4	15	32			
INCREASES IN REVENUES																
Estimated Revenues	0	0	3	3	3	3	3	3	3	3	4	12	28			
NET INCREASE IN THE DEFICIT FROM CHANGES IN DIRECT SPENDING AND REVENUES																
Impact on Deficit	0	3	0	0	0	0	0	0	0	1	0	3	4			

Basis of estimate: For the purposes of this estimate, CBO assumes that the bill will be enacted by the end of fiscal year 2016 and that spending will follow historical patterns for operations of the OFR.

Direct spending

H.R. 3738 would require the OFR to develop and publish an annual work plan that includes schedules and other information for each report, study, working paper, grant, guidance, data collection, or request for information expected to be underway or commenced during the coming year. The annual work plan would be subject to a public comment period before being adopted. In addition, each of roughly 200 papers and reports produced each year would be sub-

ject to new review, publication, and consultation requirements. On the basis of information from the OFR, CBO estimates that implementing those new requirements would cost about \$2.5 million a year. CBO estimates that preparing the annual report on cybersecurity matters would cost less than \$500,000 annually.

Revenues

Under current law, the OFR levies assessments on certain financial institutions to cover expenses incurred by the office. During fiscal year 2016 the OFR plans to make assessments of about \$100 million. Because the bill would increase costs to the OFR, CBO estimates that there would be corresponding increases in assessments. Reflecting the procedures that the OFR uses to set the assessment rates, CBO estimates that the change in assessments would occur about one year after the costs were incurred. As a result, CBO estimates that enacting the bill would increase revenues by \$28 million over the 2017–2026 period.

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 net changes in outlays and revenues 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. 3738, AS ORDERED REPORTED BY THE HOUSE COMMITTEE ON FINANCIAL SERVICES ON NOVEMBER 4, 2015

	By fiscal year, in millions of dollars—														2016– 2021	2016– 2026
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026					
	NET INCREASE IN THE DEFICIT															
Statutory Pay-As-You-Go Impact	0	3	0	0	0	0	0	0	0	0	1	0	3	4		
Memorandum:																
Changes in Outlays	0	3	3	3	3	3	3	3	3	3	4	4	15	32		
Changes in Revenues	0	0	3	3	3	3	3	3	3	3	3	4	12	28		

Increase in long term direct spending and deficits: CBO estimates that enacting the legislation would not increase net direct spending or on-budget deficits by more than \$5 billion in any of the four consecutive 10-year periods beginning in 2027.

Intergovernmental and private-sector impact: H.R. 3738 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

Estimate prepared by: Federal Costs: Sarah Puro; Impact on State, Local, and Tribal Governments: Leo Lex; 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 the section 102(b)(3) of the Congressional Accountability Act.

EARMARK IDENTIFICATION

H.R. 3738 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. 3738 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. 3738 contains no directed rulemakings.

SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

Section 1. Short title

This section cites H.R. 3738 as the “Office of Financial Research Accountability Act of 2015.”

Section 2. Additional duties of the Office of Financial Research

Amends Section 152 of the Dodd-Frank Act to require that the Director of OFR publish a detailed strategic plan that includes (i) a unique alphanumeric identifier and detailed description of any report or working paper that is expected to be in progress or started during the upcoming year, (ii) a target date for each item listed, (iii) a list of all technical and professional advisory committees that is expected to be convened in the upcoming fiscal year, (iv) the name and professional affiliation of each individual who served during the previous fiscal year as an academic or professional fellow, and (v) a detailed description of the progress made by primary financial regulatory agencies in adopting the Legal Entity Identifier (LEI).

Requires that the Director, prior to releasing a public report on any specified entity, class or entities, or financial product or service, consult with any Federal Department or agency with expertise in regulating the entity, class of entities, or financial product or service and incorporate an explanation of any changes made as a

result of the consultation. Requires that the OFR provide a 90 day period for public notice and comment, prior to the release of any public report.

Requires the OFR to develop and implement a cybersecurity plan that uses appropriate safeguards adequate to protect the data of the OFR. The Government Accountability Office shall annually audit OFR's cybersecurity plan and its implementation.

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 (new matter is printed in italic and existing law in which no change is proposed is shown in roman):

DODD-FRANK WALL STREET REFORM AND CONSUMER PROTECTION ACT

* * * * *

TITLE I—FINANCIAL STABILITY

* * * * *

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.

(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) **ADDITIONAL DUTIES.**—

(1) **ANNUAL WORK PLAN.**—

(A) **IN GENERAL.**—*The Director shall, after a period of 60 days for public notice and comment, annually publish a detailed work plan concerning the priorities of the Office for the upcoming fiscal year.*

(B) **REQUIREMENTS.**—*The work plan shall include the following:*

(i) *A unique alphanumeric identifier and detailed description of any report, study, working paper, grant, guidance, data collection, or request for information that is expected to be in progress during, or scheduled to begin in, the upcoming fiscal year.*

(ii) *For each item listed under clause (i), a target date for any significant actions related to such item, including the target date—*

(I) *for the release of a report, study, or working paper;*

(II) *for, and topics of, a meeting of a working paper group and each solicitation of applications for grants; and*

(III) *for the issuance of guidance, data collections, or requests for information.*

(iii) *A list of all technical and professional advisory committees that is expected to be convened in the upcoming fiscal year pursuant to section 152(h).*

(iv) *The name and professional affiliations of each individual who served during the previous fiscal year as an academic or professional fellow pursuant to section 152(i).*

(v) *A detailed description of the progress made by primary financial regulatory agencies in adopting a unique alphanumeric system to identify legally distinct entities that engage in financial transactions (commonly known as a “Legal Entity Identifier”), including a list of regulations requiring the use of such a system and actions taken to ensure the adoption of such a system by primary financial regulatory agencies.*

(2) **PUBLIC REPORTS.**—

(A) **CONSULTATION.**—*In preparing any public report with respect to a specified entity, class of entities, or financial product or service, the Director shall consult with any Federal department or agency with expertise in regulating the entity, class of entities, or financial product or service.*

(B) **REPORT REQUIREMENTS.**—*A public report described in subparagraph (A) shall include—*

(i) an explanation of any changes made as a result of a consultation under this subparagraph and, with respect to any changes suggested in such consultation that were not made, the reasons that the Director did not incorporate such changes; and

(ii) information on the date, time, and nature of such consultation.

(C) NOTICE AND COMMENT.—Before issuing any public report described in subparagraph (A), the Director shall provide a period of 90 days for public notice and comment on the report.

(3) CYBERSECURITY PLAN.—

(A) IN GENERAL.—The Office shall develop and implement a cybersecurity plan that uses appropriate safeguards that are adequate to protect the integrity and confidentiality of the data in the possession of the Office.

(B) GAO REVIEW.—The Comptroller General of the United States shall annually audit the cybersecurity plan and its implementation described in subparagraph (A).

* * * * *

MINORITY VIEWS

H.R. 3738 is part of a larger legislative effort to undermine the government entities tasked with monitoring and responding to systemic risks to our financial stability and economy. This bill amends the Dodd-Frank Wall Street Reform and Consumer Protection Act to add burdens to the Office of Financial Research (OFR), the research arm of the Financial Stability Oversight Council (FSOC), that apply to no other federal regulator or agency. Specifically, the bill would require the OFR to disclose its research agenda ahead of time by publishing an annual work plan that includes a detailed description of all reports, studies, working papers, grants, guidance, data collection requests. This bill would also likely undermine the feedback the OFR receives from other regulators, by requiring OFR to publicly disclose everything the primary regulator suggested and why the OFR did not accept those suggestions.

Requiring the OFR to disclose its research agenda with this level of specificity is unusual, unnecessary, and counterproductive. It is not the practice of any other research organization, and for good reason. All of the research that OFR plans to perform could be completely undermined. Individuals may not participate in OFR's studies if deliberations and internal discussions would have to be disclosed. Furthermore, OFR staff suggested that the bill is also likely to lead to less collaboration between regulators because regulators are less likely to provide candid responses if the OFR would be required to publicly disagree with them. And finally, H.R. 3738 could potentially affect the U.S. financial markets; even alarm them—if OFR publicly reported that it is studying the effects on financial stability of a certain financial product or practice, the markets may respond even before OFR could conclude that there was no effect on financial stability.

Because this bill makes it harder for the OFR to identify systemic risks to our economy, we oppose H.R. 3738.

MAXINE WATERS.
JOHN C. CARNEY, Jr.
RUBÉN HINOJOSA.
GREGORY W. MEEKS.
WM. LACY CLAY.
KEITH ELLISON.
DENNY HECK.
AL GREEN.
STEPHEN F. LYNCH.
GWEN MOORE.
CAROLYN B. MALONEY.
JOYCE BEATTY.

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