



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

April 12, 2016
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

H.R. 3340 – Financial Stability Oversight Council Reform Act

(Rep. Emmer, R-MN, and 15 cosponsors)

The Administration strongly opposes House passage of H.R. 3340, the Financial Stability Oversight Council Reform Act, which seeks to subject the Financial Stability Oversight Council (FSOC) and the Office of Financial Research (OFR) to Congressional appropriations. The bill also would require the OFR to submit quarterly reports to the 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. Subjecting these bodies to Congressional appropriations would hinder their independence and could limit their ability to monitor and address threats to financial stability.

The Wall Street Reform and Consumer Protection Act (Wall Street Reform) created FSOC to bring independent regulators together with a collective responsibility for monitoring risks across the system, wherever they may arise, and to identify and respond to emerging threats to financial stability. Before FSOC, no single entity was accountable for monitoring and responding to risks to financial stability. Similarly, the OFR plays a unique role in promoting financial stability by identifying and filling in gaps in data and knowledge about the financial system, monitoring financial stability metrics across the system, conducting independent research on financial stability policies and providing FSOC with data and analytical support.

Wall Street Reform provided FSOC and the OFR with permanent funding through assessments on the largest financial institutions, including bank holding companies with total consolidated assets of \$50 billion or more and nonbank financial companies supervised by the Federal Reserve Board of Governors. This funding system ensures that large financial institutions bear the costs of protecting financial stability. Maintaining a funding source independent of political interference allows FSOC and the OFR to function at full capacity and focus on threats to financial stability. Moreover, funding FSOC and the OFR through appropriations would subject these entities to political gamesmanship that could hinder their ability to conduct independent research, ask questions, and analyze information about industries, firms, or activities — running the risk of ignoring the next threat to financial stability.

If the President were presented with H.R. 3340, his senior advisors would recommend that he veto the bill.

* * * * *