

ORAL STATEMENT OF
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COMMITTEE ON FINANCIAL SERVICES
UNITED STATES HOUSE OF REPRESENTATIVES

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Chairman Hensarling, Ranking Member Waters, and members of the Committee, thank you for this opportunity to provide the views of the OCC on the functions and operations of the FSOC.

The OCC charters, regulates, and supervises national banks and federal savings associations. These banks range from small community banks to multitrillion-dollar institutions that are among the world's largest financial companies. Together, they hold nearly \$11 trillion in assets, or just over two-thirds of the industry's total. The OCC's mission is to ensure that these banks operate in a safe and sound manner, provide fair access to financial services, treat customers fairly, and comply with applicable laws and regulations. As the only federal financial regulator with prudential regulation as its primary focus, the OCC has specialized knowledge about the safe and sound operations of banks.

In 2010, as part of the Dodd-Frank Act, Congress established the FSOC to identify, monitor, and respond to systemic risk. The Council brings together its member agencies to fulfill this critical mission. Through its committees and staff, the FSOC provides a formal, structured process for communicating, coordinating, and responding to emerging market, industry, and regulatory developments, as well as to unforeseen events.

As one of the FSOC's ten voting members, the OCC brings considerable expertise to the Council. Our examiners monitor several areas of financial risk in the banking sector every day, including credit, liquidity, interest rate and operational risk. These are among the risks that the FSOC reviews in its evaluation of systemic risks with respect to nonbank financial companies and financial market utilities. Similarly, as many of the institutions we supervise are engaged in asset management activities, the OCC's expertise in this area is also quite robust.

Since its establishment, the Council has demonstrated a sustained commitment to working collaboratively to fulfill its statutory mission. Council members and their staffs have developed strong working relationships, and the Council provides a constructive forum to hold candid conversations, share confidential, market-sensitive information, and to ask the tough questions that help make the U.S. financial system safer. The Council has also made positive strides in enhancing its transparency, both to the general public and to the companies under consideration for designation.

Dodd-Frank provides the FSOC with important duties and responsibilities to promote the stability of the U.S. financial system. The issues that the Council confronts in carrying out these duties are, by their nature, complex and far-reaching. My written testimony includes additional information about the specific mandates Congress has given the FSOC and a discussion of some of the important actions the Council has undertaken recently. For our part, the OCC is strongly committed to helping the Council achieve its mission.

Again, thank you for the opportunity to appear today. I would be happy to answer any questions.