

OVERSIGHT PLAN OF THE COMMITTEE ON FINANCIAL SERVICES FOR THE ONE  
HUNDRED ELEVENTH CONGRESS-

-FEB 10, 2009 Staff Consensus-

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FEBRUARY \_\_, 2009. Approved by the Committee on Financial Services

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Mr. FRANK, from the Committee on Financial Services, submitted to the Committee on Oversight and Government Reform and the Committee on House Administration the following

R E P O R T

Clause 2(d)(1) of rule X of the Rules of the House of Representatives for the 111th Congress requires each standing committee, not later than February 15 of the first session to adopt an oversight plan for the 111th Congress. The oversight plan must be submitted simultaneously to the Committee on Oversight and Government Reform and the Committee on House Administration.

The following agenda constitutes the oversight plan of the Committee on Financial Services for the 111th Congress. It includes areas in which the Committee and its subcommittees expect to conduct oversight during this Congress, but does not preclude oversight or investigation of additional matters or programs as they arise. Any areas mentioned in the oversight plan may be considered by the Financial Services Committee, the five subcommittees of jurisdiction or the Subcommittee on Oversight and Investigations. The Committee will consult, as appropriate, with other committees of the House that may share jurisdiction on any of the subjects listed below. The Committee will also comply with House Resolution 40, adopted earlier this Congress, by holding periodic hearings on the topic of waste, fraud, abuse, or mismanagement in Government programs authorized by this Committee.

FINANCIAL INSTITUTIONS

*Troubled Asset Relief Program (TARP) and other Initiatives to Stabilize the Financial System.* The Committee will continue to examine closely the operation of the TARP program authorized by Emergency Economic Stabilization Act (EESA). This includes working with the Government Accountability Office, the Congressional Oversight Panel, and the Special Inspector General for TARP to ensure that taxpayer interests are protected; that the program properly addresses the mortgage foreclosure crisis; that the program's operations are properly transparent and accountable; and that TARP funding is deployed by recipient institutions in a way that promotes the stability of the financial system. The Committee will also continue to examine non-TARP efforts by the Treasury, the Federal Reserve, the Federal Deposit Insurance Corporation (FDIC), and other agencies to stabilize the financial system and promote economic recovery.

*Financial Supervision.* The Committee will continue to examine Federal regulators' safety and soundness supervision of the banking, thrift and credit union industries, to ensure that

systemic risks or other structural weaknesses in the financial sector are identified and addressed promptly. The trend toward consolidation in the banking industry and the growing number of large credit unions serving broad fields of membership requires that Federal regulators maintain the expertise and risk evaluation systems necessary to oversee the activities of the increasingly complex institutions under their supervision. The Committee will also seek updates on consumer compliance supervision of financial institutions and review the regulatory enforcement of the Community Reinvestment Act, consumer protections, and agency customer service.

*Consumer Protections.* In addition to issues addressed throughout this oversight plan that relate to consumers of financial services, the Committee will consider other specific consumer protection issues within its jurisdictional purview, including, but not limited to, disparate interpretations and applications of individual States' laws related to national banks, Federal thrifts and their affiliates or subsidiaries, marketing tactics, rising fees, and penalties on credit card, payday, mortgages and other consumer loans, unfair or deceptive acts or practices such as foreclosure rescue scams, the use of credit reports to change the rates and terms of preexisting accounts, to ensure that the financial services industry fulfills its responsibility to treat its customers fairly and fully disclose the terms on which financial products and services are offered to the public. The Committee will also consider industry practices with respect to overdraft protection programs, deposit hold periods, and other fees.

*Data Security and Identity Theft.* Building on the Committee's long-standing role in developing laws governing companies' handling of sensitive personal financial information about consumers, including the Gramm-Leach-Bliley Act and the Fair and Accurate Credit Transactions Act (FACT Act), the Committee will continue to seek legislation that better protects the security and confidentiality of such information from any loss, unauthorized access, or misuse. The Committee will also monitor major data security breaches at government agencies to ensure that personal financial information is properly safeguarded and that the affected individuals receive prompt notification where that is appropriate.

*Implementation of FACT Act.* The Committee will monitor government and private sector implementation of the Fair and Accurate Credit Transactions (FACT) Act (Public Law 108-159), the 2003 legislation that renewed certain provisions of the Fair Credit Reporting Act (FCRA) and gave consumers new rights and protections against identity theft, including the ability to obtain free credit reports annually. The Committee may examine whether, after the FACT Act is implemented, there remain barriers for consumers in maintaining accurate and complete consumer files. The Committee will seek to determine if additional efforts need to be undertaken to promote voluntary reporting of data not currently being supplied to credit reporting agencies, to facilitate greater access to affordable financial products and services. As part of this review, the Committee will continue to review the use of credit scores by lenders in assessing consumers' creditworthiness to determine whether credit is extended to them and on what terms, including the growing practice of using nontraditional data to measure creditworthiness.

*Mortgage Lending.* The Committee will study the complex problem of, and potential solutions to, abusive and deceptive lending in the mortgage industry. The Committee recognizes that extending credit to under-served segments of the population has positive aspects and the Committee's effort will be to decrease the amount of abuses without undermining such access to credit. In targeting abusive practices, the Committee will be cognizant of the need to avoid policy prescriptions that result in shutting off credit to underserved borrowers. Although the Committee recognizes the limitations inherent in data analysis, Home Mortgage Disclosure Act (HMDA) data continues to show substantial disparities in the incidence of higher-priced

lending across racial and ethnic lines, with Black and Hispanic borrowers more likely to obtain loans with prices above the pricing thresholds than non-Hispanic white borrowers. The Committee will continue to examine HMDA data to help assess patterns of home mortgage lending to minority populations. The Committee will extend its inquiry to examine all relevant factors.

*Deposit Insurance Reform.* The Committee will monitor the implementation of the Deposit Insurance Reform Act of 2005 and the Federal Deposit Insurance Reform Conforming Amendments Act of 2005, to ensure that deposit insurance continues to serve its historic function as a source of stability in the banking system and a valued safety net for depositors. During the consideration of the Emergency Economic Stabilization Act, deposit insurance coverage for banks and credit unions was expanded from \$100,000 per account to \$250,000. This was particularly important for small businesses, which rely on their bank deposits to meet payroll and other critical needs. The increase will ensure that they have access to their working capital at all times, and discourage them from moving funds due to concerns about a particular institution. According to the Federal Reserve, for the smallest businesses (less than 10 employees, which are 80 percent of small businesses, raising the limit will have a major impact: 75 percent fewer firms will have uninsured deposits and the amount of their deposits remaining uninsured will fall by two-thirds. The insurance increase also gives small banks greater parity with the temporary money market fund insurance recently implemented by the Treasury Department. This will help keep deposits in banks and promote their stability. The Committee will monitor the implementation and effects of this expansion.

*Credit Unions.* The Committee will review issues relating to the conversion policies and procedures, safety and soundness and regulatory treatment of the credit union industry. In the 110<sup>th</sup>, the Committee supported the lifting of the statutory borrowing cap on National Credit Union Administration's Central Liquidity Fund and will continue to monitor its ability to meet the liquidity needs of credit unions.

*Regulatory Burden Reduction.* The Committee will continue to review the current regulatory burden on banks, thrifts, and credit unions with the goal of reducing unnecessary, duplicative, or overly burdensome regulations, consistent with consumer protection and safe and sound banking practices. The Committee's starting point will be H.R. 6312, the Credit Union, Bank and Thrift Regulatory Relief Act, which passed the House by voice vote in the 110<sup>th</sup> Congress.

*Remittances.* The Committee will continue to review the marketing and disclosure practices of financial institutions and money transmitters who offer international remittance services to consumers seeking to send funds to relatives in other countries.

*Payment System Innovations.* The Committee will review government and private sector efforts to achieve greater innovations and efficiencies in the payments system. The Committee will continue to assess the appropriateness of the current maximum hold periods and dollar amount limits provided under the Expedited Funds Availability Act. The Committee will also review improvements to the payments system, including ACH debit entries, wire transfers, and international remittances.

*Internet Gambling.* The Committee will continue to examine the implications of the Unlawful Internet Gambling Enforcement Act (UIGEA) and whether the final regulations drafted by the Treasury Department and Federal Reserve, in consultation with the Justice Department, impose unreasonable compliance burdens on financial institutions. Legislation which would

have prevented the implementation of these regulations was ordered reported by the Committee in the 110<sup>th</sup> Congress after such a measure had once been defeated.

*Access to Financial Services.* The Committee will continue to explore ways to expand access to mainstream financial services by traditionally underserved segments of the US population, particularly those without any prior banking history (commonly referred to as “the unbanked”). One area of review will be an assessment of the Treasury Department’s First Accounts Program – a grant program intended to provide financial services to low- and moderate-income Americans without bank accounts.

*Credit Card Regulation.* The Committee will continue its review of credit card industry practices, particularly relating to marketing, fees and disclosures. The Committee will monitor the implementation of recent Federal Reserve regulations: (i) defining unfair and deceptive credit card industry practices and (ii) making the format and content of credit card disclosures required by Truth in Lending more effective. These regulations become effective on July 1, 2010.

*Community Development Financial Institution Fund.* The Committee will continue to oversee the operations of the Community Development Financial Institutions Fund (Fund) which was created in 1994 to promote economic revitalization and community development. The Committee will examine the Fund’s contributions to community revitalization and measure its impact on efforts in rural, urban, suburban, and Native American communities. In addition, the Committee will assess the Fund’s progress in implementing reforms to make the grant making process more fair and transparent. The Committee will also monitor the Fund’s administration of the New Markets Tax Credit program (NMTC), including reviewing the efforts being taken by the Fund to assist minority-owned community development entities to effectively compete for allocations under the NMTC program.

*Community Reinvestment Act of 1977.* The Committee will continue to review developments and issues related to the Community Reinvestment Act of 1977 (CRA). Particular focus will be placed on ensuring that regulators are accurately interpreting the law and consistently applying regulations to all institutions. In addition, the Committee will examine how well institutions are complying with the CRA and will seek to ensure that CRA loans, services, and investments are efficiently directed to low- and moderate-income communities. The Committee will also explore recommendations for updating CRA to make it more effective in light of changes in the financial services sector.

*Credit Counseling.* The Committee will continue to review the credit counseling industry which provides financial education and debt management services to consumer seeking to address excessive levels of personal indebtedness. A particular focus will include examining complaints regarding abusive and deceptive practices by some for-profit industry groups.

*Financial Literacy.* The Committee will continue its efforts to promote greater financial literacy and awareness among the public. As part of these efforts, the Committee will monitor the operations, and evaluate the efficacy, of the Financial Literacy and Education Commission. The Commission was established to coordinate efforts of the federal government and encourage government and private sector initiatives to promote financial literacy.

*Payday Lending.* The Committee will review practices by the payday lending industry, with a particular emphasis on marketing, consumer disclosures, interest rates and fees charged.

*Discrimination in Lending.* The Committee will examine the effectiveness of federal fair lending oversight and enforcement efforts, including a review of the policies and procedures used by primary regulators to assess lenders' compliance with fair lending laws and a review of the steps taken by the enforcement agencies to investigate potential violations of fair lending laws. As part of this review, the Committee will assess the adequacy of the current reporting requirements under the Home Mortgage Disclosure Act (HMDA) to evaluate the patterns of home mortgage lending to underserved populations. In April 2008, several members of the Committee asked the Government Accountability Office (GAO) to conduct a comprehensive assessment of the current state of federal enforcement of the Equal Credit Opportunity Act, the Fair Housing Act (FHA), and other related laws and regulations. The Committee will review this report when it is completed. The Committee will also continue to review the adequacy of the data sources currently used by regulators and researchers to detect possible discrimination in non-mortgage lending.

*Diversity in Financial Services.* The Committee will continue to explore financial services industry's efforts to attract and retain a diverse workforce, particularly at the senior management level. The Committee will also review the policies, programs, and initiatives used by Federal financial services agencies to promote, obtain, and report on supplier diversity, particularly with the use of asset managers, investment bankers, and other providers of professional services under any programs to assist troubled financial institutions. The Committee will continue to monitor federal regulators' efforts to promote and preserve minority-owned financial institutions, including the steps taken to implement the goals outlined in a report issued by the Government Accountability Office (GAO) entitled, *AMINORITY BANKS: Regulators Need to Better Assess Effectiveness of Support Efforts*, (GAO-07-6) in October 2006.

*Money Laundering and the Financing of Terrorism.* The Committee will review enforcement of anti-money laundering laws and regulations. The Committee's work in this area will include an examination of (1) the costs and benefits of ongoing regulatory and filing requirements, and (2) opportunities to decrease the burden of complying with these and similar statutes without impairing the operations of law enforcement. The Committee will also monitor the Office of Terrorism and Financial Intelligence, to ensure that adequate resources are applied efficiently, and in particular will monitor the effectiveness of the Financial Crimes Enforcement Network (FinCEN) and ongoing changes at the Office of Foreign Assets Control (OFAC). The Committee will also monitor the practice of data mining and examination of personal financial information conducted by government agencies, to ensure that an appropriate balance is struck between law enforcement priorities and the protection of civil liberties.

*Money Service Businesses' Access to Financial Institution Services.* The Committee will examine why financial institutions continue to sever their relationships with Money Services Businesses (MSBs) and assess the effectiveness of FinCEN regulatory guidance to both MSBs and financial institutions, and review actions that regulators can take to ensure that such MSBs are not denied access to the banking system.

*New Technologies and Cash Alternatives.* The Committee will examine cash alternatives, such as prepaid credit cards, the use of telephones to transfer and hold sums of money, websites that serve as alternatives to the banking system, and informal money transfer

systems, businesses or networks, to determine their susceptibility to money laundering and terrorism financing, and other financial crimes.

*Appraisals.* The Government Accountability Office in a 2003 study found that 69 percent of states need more staffing for appraisal industry oversight, and 40 percent needed more resources to support related litigation efforts. Since then, anecdotal media reports about appraisal fraud, lender pressure, and faulty appraisals have continued to grow. The Committee will examine these matters, the effectiveness of the Appraisal Subcommittee of the Federal Financial Institutions Examination Council in overseeing State-based appraisal enforcement and licensing programs, and the need for appraisal regulatory reform. It will also explore the implementation of the appraisal independence standards adopted by the Federal Reserve in its 2008 rulemaking under the Home Ownership and Equity Protection Act.

## CAPITAL MARKETS AND SECURITIES

*Reforming Oversight of Financial Services.* The Committee will assess the effectiveness of the current regulatory regime for the financial services industry and work to establish a more efficient oversight structure that may include a systemic risk regulator. As a part of this effort, the Committee will consider whether and how best to eliminate duplicative oversight functions among agencies, consolidate regulatory functions where appropriate, prevent charter shopping, and impose oversight over previously unregulated or lightly regulated activities, products, and market participants. The Committee will also review proposals to combine securities and futures regulation, establish appropriate new safeguards for investment banking functions, and set uniform standards for and combine the regulation of broker-dealers and investment advisers.

*Derivatives and Credit Default Swaps.* The Committee will monitor market developments regarding over-the-counter derivatives, including credit default swaps. In its examinations, the Committee will specifically explore the need to create new statutory and regulatory safeguards to mitigate possible systemic risks posed by these products. The Committee will also examine the efforts of regulators and dealers to create credit default swap clearing platforms as a way to manage this risk.

*Oversight and Restructuring of the Securities and Exchange Commission (SEC).* The Committee will carefully examine the operations and organizational structure of the SEC, placing an emphasis on its supervisory and inspection functions. The Committee will additionally consider and review proposals to enhance the overall effectiveness of the agency in light of recent scandals and the ongoing turmoil in the securities markets. Part of those discussions will include an evaluation of the sufficiency of the SEC's available resources and staffing levels. The Committee will also consider the impact of separating the SEC's exam and policy functions and whether such functions should be consolidated. The Committee will also consider how the SEC fits into the broader regulatory restructuring framework the Committee will pursue.

*Securities Fraud.* In light of the December 2008 emergence of a \$50 billion Ponzi scheme committed by Bernard Madoff's financial services firm, the Committee will review the failure to detect this massive securities fraud particularly, as well as other smaller securities frauds generally. As part of its comprehensive review of financial services regulation, the

Committee will also scrutinize the internal operations of the SEC, especially its compliance, inspections, examinations, and enforcement functions.

*Impact of Emergency Economic Stabilization Act (EESA) on Capital Markets.* The Committee will closely monitor the Administration's implementation of the \$700 billion provided for in the EESA to determine whether the program is having its desired effect of easing the credit crisis. In its reviews, the Committee will consider whether the Administration uses funds within the Troubled Asset Relief Program (TARP) to satisfy the statutory objectives, including mortgage foreclosure prevention efforts, whether the Administration vigorously pursues EESA's executive compensation limitations, and whether banks receiving TARP funds increase lending efforts. The Committee will also focus on the auto companies who received aid via TARP to ensure that they establish viability plans and spend taxpayer dollars wisely.

*Loan Modifications in Securitized Pools.* As a part of its ongoing efforts to mitigate foreclosures, the Committee will continue to consider methods to encourage and facilitate sustainable modifications of mortgages that have been securitized by servicers.

*Auction Rate Securities.* The Committee will continue to monitor the efforts of the SEC, the Financial Industry Regulatory Authority, state securities regulators, and other law enforcement agencies to reach settlements with financial institutions to buy back illiquid auction rate securities from retail investors. The Committee will also examine the sales practices – particularly with respect to disclosure concerning the liquidity of the securities – as well as the training and education of broker-dealers that sold auction rate securities to investors, including those securities issued by municipalities and student lenders.

*Equity/Options Markets.* The Committee will review recent developments in the U.S. equity and option markets that are increasingly made up of global, for-profit, shareholder-owned and multi-product institutions. The Committee will explore the impact that the ongoing credit crisis has had on exchange trading system volatility. It will also review the impact that the removal of the uptick rule and short-selling restrictions may have had on liquidity. The Committee will additionally study the growth of the options market and efforts of the U.S. options markets to implement decimal pricing for quoting options contracts. Finally, to better protect investors, the Committee will reexamine the need for legislation to permit the effective cross-margining of futures and securities products.

*Mutual Funds.* The Committee will review the current state of regulation of investment companies and their advisors with respect to mutual fund operations, governance, disclosure, and sales, including the impact on investors of recent rule changes and court decisions. The Committee also will review the effectiveness and efficiency of the approval process for new products, such as exchange-traded funds. In addition, the Committee will continue to monitor the impact of the credit crisis on money market mutual funds, the stability provided by the Treasury Department's Guarantee Fund, and the liquidity of auction rate preferred stock issued by closed-end funds.

*Covered Bonds.* Due to the success of covered bonds in other countries, the Committee will continue to monitor the emergence of covered bonds as a potential tool to ease the strain in U.S. capital markets. The Committee will review the potential for covered bonds to increase mortgage financing, improve underwriting standards, and strengthen U.S. financial institutions by providing a new funding source that could diversify their overall portfolio. The Committee will also examine the treatment of covered bonds as qualified financial contracts with insured depository institutions.

*Public Company Accounting Oversight Board (PCAOB).* The Committee will review the effectiveness of the PCAOB in responding to the concerns of capital markets participants. The Committee will review the PCAOB's oversight of public company auditors, including reforms of auditing standards and the results of the PCAOB's inspection program. The Committee will also explore expanding the PCAOB's oversight to include auditors of broker-dealers, previously excluded from the regulatory regime, and the impact this increased oversight may have on the PCAOB's budget and funding. In conjunction with that change, the Committee will consider other proposals to improve oversight of auditors more broadly.

*Financial Accounting Standards Board (FASB).* The Committee will review FASB's responsiveness to all segments of the capital markets, FASB's relationship with the SEC, and proposals to enhance Congressional oversight of the FASB. The Committee will monitor and review the work of the FASB to improve financial accounting standards, paying careful attention to the appropriate form for standards and the need for additional guidance concerning the development of standards regarding market valuations for accounting purposes.

*Convergence of International Accounting Standards.* The Committee will review efforts by the SEC and the FASB to achieve robust, uniform international accounting standards. The Committee will also monitor the SEC's plans to incorporate those standards as a part of U.S. financial reporting requirements.

*Mark-to-Market Accounting.* In conjunction with regulators, the Committee will review mark-to-market accounting rules and consider whether viable alternatives exist to pricing distressed assets in an inactive market. The SEC has recently issued its EESA- mandated study on mark-to-market accounting. The Committee will review that study and consider its conclusions and recommendations.

*Corporate Governance.* The Committee will review developments and issues concerning corporate governance in public companies, including proposals to increase accountability to shareholders through enhanced shareholder access to management's proxy, shareholder nomination of directors, and majority voting. In addition, the Committee will review the role of proxy advisory firms in the shareholder voting process. The Committee also will review issues raised with respect to the integrity of the shareholder voting process. Additionally, the Committee will monitor the SEC's regulatory proposals for enhanced disclosure regarding executive compensation and other corporate governance issues.

*Executive Compensation.* The Committee will review proposals to increase accountability to shareholders in public companies with regard to executive compensation. The Committee will also generally explore other current executive compensation and disclosure issues. In addition, the Committee will focus special attention on ongoing compliance with and the impact of the executive compensation restrictions imposed on institutions participating in programs established under the EESA.

*Oversight of Self-Regulatory Organizations (SROs).* As a part of its comprehensive review of the oversight of the financial services industry, the Committee will examine the effectiveness of SROs in today's markets and assess the impact of SRO mergers on the oversight of securities markets, market participants, and investors. The Committee also will consider limitations or regulatory gaps in the current SRO system and ways to streamline and strengthen the regulatory, compliance, examination, and enforcement structure. This review will additionally examine the impact of mandatory arbitration requirements on securities investors, as well as the balance, fairness, and efficiency of the current arbitration system.



*Hedge Funds and Private Pools of Capital.* The Committee will examine the current state of the hedge fund, private equity and alternative investment industry. The Committee will review the role hedge funds and private pools of capital serve in the capital markets, and their interaction with investors, financial intermediaries, and public companies. The Committee will also examine issues related to pension funds' investments in hedge funds. The Committee will further consider whether hedge funds should be subject to greater oversight under a revised regulatory regime. Finally, the Committee will examine whether hedge funds and other private pools of capital may have contributed to and had an effect on the ongoing credit crisis.

*Federal/State Allocation of Enforcement Responsibilities.* The Committee will examine the impact of several pieces of legislation over the last decade streamlining securities registration and allocating responsibilities between state and federal authorities. In particular, the Committee will examine the impact of these laws on the enforcement of the securities laws and whether loopholes have been created that permit fraudulent securities offerings to escape either federal or state law enforcement. The Committee will also examine whether there is a need to raise the threshold for investment adviser registration – currently those advisers who have over \$25 million in assets under management – to allow the SEC to better focus on the largest investment advisers and the states on the smaller advisers.

*Capital Allocation to New Technologies.* For years, the United States has supported the Overseas Private Investment Corporation to promote growth in emerging markets abroad. In order to now promote long-term, sustainable economic growth and productivity at home, the Committee will explore how to create incentives in the capital markets aimed at facilitating the growth of emerging innovative technologies and promising industrial sectors.

*Business Development Companies (BDCs).* The Committee will examine the regulations governing BDCs, which could play a larger role in the nation's economic recovery. The Committee will also continue to monitor BDCs' minimum capital requirements. Given the current credit crisis, the Committee may consider proposals related to altering the BDCs' required leverage ratios.

*Credit Rating Agencies.* The Committee will monitor the SEC's ongoing implementation of the Credit Rating Agency Reform Act, which became effective in 2007. The Committee will also examine ways to limit the conflicts associated with the way credit rating agencies are compensated, approaches to increase their accountability and the possibility of regulatory fee assessments. In addition, the Committee will examine the current methodology for rating tax-exempt municipal bonds and consider possible changes to the Credit Rating Agency Reform Act to ensure the ratings on municipal bonds accurately reflect the risk of loss posed to an investor.

*Securities Investor Protection Corporation (SIPC).* The Committee will examine the operations, initiatives, and activities of SIPC, and possible opportunities to better protect investors in today's volatile markets. In light of SIPC's exposure to the failure of Bernard L. Madoff Investment Securities, the Committee will examine SIPC's existing reserves, access to private and public lines of credit, coverage levels, and its prior decision to significantly lower the annual assessments of participating broker-dealers.

*Fair Fund.* The Committee will examine the operations of the Fair Fund established under the Sarbanes-Oxley Act and the success of Federal regulators in implementing the Fair Fund. The Committee also will review options for expediting collection of civil fines and ill-gotten gains from corporate wrongdoers and the distribution of recovered amounts to defrauded investors.

*Business Continuity Planning/Critical Infrastructure Protection.* The Committee will monitor the implementation of the Interagency Paper on Sound Practices to Strengthen the Resilience of the U.S. Financial System as well as the related efforts of all participants in the securities industry to improve business continuity planning to protect investors against the effects of natural disasters, terrorism events, and pandemics. The Committee will also review the impact of global mergers and alliances and their impact on business continuity planning. The Committee will additionally review the Government Accountability Office's work related to planning and preparation efforts of financial organizations to minimize the disruptions of critical operations in the event of a pandemic and the ability of the United States telecommunication infrastructure to support telecommuting during a pandemic.

*Sarbanes-Oxley Act of 2002.* The Committee will continue to monitor the impact of the Sarbanes-Oxley Act on investors, public companies – particularly non accelerated filers – and markets, particularly with respect to the ongoing credit and financial markets crisis. The Committee will review the efforts of the SEC and PCAOB to improve the efficiency of implementation of the internal control requirements under section 404 of that Act, the impact of the Act's corporate governance reforms, and the adequacy of investor protections provided by the Act generally.

*Global Competitiveness of U.S. Financial Markets.* The Committee may examine studies, concerning the competitive position of U.S. financial market participants. The Committee also will assess proposals to enhance the competitiveness of U.S. markets, including those to streamline and consolidate regulation and oversight of U.S. financial markets, institutions, and exchanges,

*Municipal Securities.* The Committee will review the state of the \$2.5 trillion municipal securities market that is accessed by more than 55,000 state and local issuers including present efforts to make the municipal bond market more efficient and improve issuers' access to capital. The committee will also examine how different segments of the market are regulated including the role of independent financial advisors, including those who involved in derivative transactions, and disclosure requirements. The Committee will also examine the Municipal Securities Rulemaking Board's recently launched Electronic Municipal Market Access (EMMA) document and real-time trade price database of municipal securities.

## GOVERNMENT SPONSORED ENTERPRISES

*Charter Restructuring for Government Sponsored Enterprises (GSEs).* On September 7, 2008, the Federal Housing Finance Agency placed Fannie Mae and Freddie Mac into conservatorship. As part of this conservatorship, the two GSEs have signed contracts to issue new senior preferred stock to the Treasury, which has agreed to purchase up to \$100 billion of this stock from each of them. The decision to place the two GSEs into conservatorship has raised questions about their public-private organizational structure, as well. The Committee will therefore examine proposals to modify the statutory charters of the GSEs.

*GSE Regulatory Reform.* The Committee will monitor the Federal Housing Finance Agency, the new regulator for the Fannie Mae, Freddie Mac, and the Federal Home Loan Banks, and will consider ways to improve the effectiveness of the new regulator. The Committee will also

consider, as part of its comprehensive review of the oversight of the financial services industry, proposals to improve, or otherwise alter the purpose and functions of the GSEs and their appropriate roles in the mortgage market.

*Federal Home Loan Bank (FHLB) System.* The Committee will monitor the capital requirements, financial health, and stability of the FHLB System, as well as the FHLB System's ability to fulfill its housing mission and provide liquidity to the cooperative's member banks in a safe and sound manner during the ongoing credit crisis. The Committee will pay particular attention to recent reports that several of the Federal Home Loan Banks may fall below required capital levels as a result of troubled mortgage assets held on their books.

*GSE Appraisal Standards.* The Committee will examine the implementation of the Home Valuation Code of Conduct by Fannie Mae and Freddie Mac and how it affects the appraisal industry. It will also review the implementation of a new regulation by the Federal Housing Finance Agency requiring the use of loan-level appraiser identifiers to combat fraud in mortgage lending.

*FHLB Community and Economic Development.* The Committee will focus on the efforts to advance community and economic development within the FHLB System, including the implementation of the enhanced targeted economic development lending for small business, small farms, and small agri-businesses allowed under the Gramm-Leach-Bliley Act and of the performance of the FHLBs in implementing the community investment cash advance regulation. The Committee will review the effects of the estimated \$8 billion in community-related financing the FHLBs have already provided to community financial institutions and examine whether the FHLBs can accomplish more to help the nation overcome the continuing economic crisis.

*Resolution Funding Corporation (REFCorp) Payments.* The Committee will monitor the efforts of the housing GSEs to pay the obligations of REFCorp established to cover the costs of resolving the savings-and-loan crisis and the policy implications for the GSEs upon the satisfaction of the remaining REFCorp debts.

## HOUSING

*Mortgage Foreclosures and Loan Modifications.* The Committee will continue its comprehensive focus on federal efforts to address the rising delinquency and foreclosure rate, including hearings and legislation designed to avert foreclosures. Agencies and programs of focus may include the Federal Housing Administration (including Hope for Homeowners and FHA's ongoing refinance efforts), Fannie Mae, Freddie Mac, and the Federal Home Loan Banks, federal programs which provide funds for foreclosure prevention, housing counseling, foreclosure protections, purchase of foreclosed properties, and efforts to spur appropriate levels of home purchase. The Committee will also consider proposals to protect the rights of bona fide tenants subject to foreclosure.

The Committee will also conduct a hearing or a series of hearings on the status of mortgage loan modifications as a means of helping struggling borrowers to avoid foreclosure. Successful mortgage modifications change the terms of the loan so that it is more affordable to the borrower over the long term. The Committee will also examine systematic approaches to mortgage modification, such as the program implemented by the Federal Deposit

Insurance Corporation at IndyMac Federal Bank and the recently announced Federal Reserve Homeownership Preservation Policy. In addition, the Committee will review foreclosure prevention plans originated from the private sector, such as HOPE Now. As part of that examination, the Committee will seek to define the criteria in determining which borrowers should receive help in modifying their loans. For those that are determined to be ineligible for loan modifications, the Committee will investigate appropriate alternatives for providing assistance.

In its examination of foreclosure prevention and loan modification proposals the Committee will also take into account that most borrowers continue to make on-time payments in spite of economic hardship and will consider the moral hazards associated with systematic loan modification and foreclosure mitigation.

*Housing Preservation.* The Committee will consider proposals to preserve federally assisted housing, including the challenge of maintaining affordability for those federally assisted properties scheduled to experience mortgage maturities in the next decade. The Committee may review HUD's policies and performance in approving proposals by owners to preserve and rehabilitate older assisted housing projects. In addition, the Committee may also explore other related topics, such as prepayment policies, troubled projects, renewal of expiring project-based voucher contracts and transfer of project-based section 8 contracts. The Committee will continue to monitor the role of the Office of Affordable Housing Preservation in overseeing and preserving HUD-assisted multi-family housing. The Committee may examine HUD's property disposition program, and the extent to which HUD has worked with local housing authorities and non-profit organizations to preserve the affordability of HUD's inventory of multi-family housing following foreclosure by the borrower. Further, the Committee may review the circumstances by which current owners choose to leave the program and how incentives can be used, coupled with a reduced regulatory burden, to encourage continued participation by the private sector. The Committee will review programs aimed at preservation to determine the cost effective and efficient means of promoting preservation including the impact of one-for-one replacement policies, prohibitions on demolition of existing properties and transfer of subsidy from one property to another.

*FY 2010 Budget for the Department of Housing and Urban Development, the Rural Housing Service, the Neighborhood Reinvestment Corporation and the National Flood Insurance Program.* The Committee will conduct a hearing or a series of hearings to consider Administration FY 2010 budget proposals for these agencies and programs, including receiving testimony from relevant agencies. Such hearings will concentrate on the Department's efforts to be responsive to current market challenges as well as ensuring decent affordable housing. During these hearings the Committee will examine spend out rates for assisted programs in addition to program oversight and accountability measures.

*Public Housing.* The Committee will conduct a hearing or a series of hearings on the state of public housing programs, including, but not limited to, the public housing operating and capital funds the HOPE VI program, current spend-out rates and potential funding sources with which public housing agencies can supplement their efforts to maintain and operate public housing units. The Committee also will review HUD's implementation of the Quality Housing Work Responsibility Act of 1998 (QHWRA); the Community Service requirement; the performance to date of Moving to Work agencies; and areas where unnecessary regulation could be curtailed, while fully maintaining protections for tenants.

*HOPE VI.* The Committee will review the HOPE VI program and the need for reauthorization, including, but not limited to, the needs of distressed public housing developments, a prohibition on demolition-only grants, a one for one replacement requirement, tenant eligibility standards on the availability of decent and affordable housing and the benefits of mixed-use communities. The Committee will review the progress by past HOPE VI award recipients of implementing and completing their revitalization plans, including the amount of funds that remain unspent in some HOPE VI accounts. Additionally, the Committee will examine the effects of HOPE VI revitalization projects on tenants, including the ability of tenants to find alternative housing during rehabilitation, as well as their ability to return once rehabilitation is completed.

*Affordable Housing Production.* The Committee may conduct a hearing on preserving a dedicated source of funding and identifying additional funding mechanisms for the newly created National Housing Trust Fund. The Housing Trust Fund was established to construct, maintain and preserve affordable rental housing for the lowest income families in both rural and urban areas. The Committee will review HUD's progress in developing regulations to implement the Trust Fund, including oversight policies for Trust Fund grantees, and whether additional legislation is required to clarify and enhance issues that cannot be resolved by regulation.

*Housing Tax Credit Programs.* The Committee may conduct a hearing or series of hearings on legislative and administrative proposals to address the recent dislocations in the funding of Low Income Housing Tax Credit (LIHTC) program, including legislative efforts to address such dislocations. The Committee may conduct hearings reviewing the implementation of provisions included in Public Law 110-289 which were designed to facilitate the use of housing tax credits in conjunction with HUD and Rural Housing Service programs. In any evaluations of reforms to the LIHTC program the Committee will examine the role of syndicators and investors in affordable housing production.

*Federal Housing Administration (FHA).* The Committee will conduct hearings on the FHA single family loan program, on issues which may include the financial status of the program, the recent growth in loan volume, oversight of FHA loan originators, FHA loan limits, implementation of provisions enacted under Public Law 110-289, FHA loss mitigation, and the recently eliminated FHA gift downpayment program. In hearings the Committee will also examine legislative proposals affecting the financial viability of the FHA insurance fund. Other areas of focus will include the FHA reverse mortgage loan program and the Title 1 manufactured home loan program, both of which underwent major reforms as part of Public Law 110-289. In addition, the Committee will continue to monitor FHA's ability to oversee FHA-approved lenders/licensees, employ appropriate technology and manage its human capital.

*Section 8 Housing Choice Voucher Program.* The Committee will resume its efforts to complete comprehensive reform of the Section 8 voucher program, through efforts to enact the Section 8 Voucher Reform Act (SEVRA).

*Rural Housing.* The Committee will consider proposals to create a revitalization program at the Rural Housing Service to preserve and rehabilitate affordable housing under the Section 502 single family direct and guaranteed loan programs as well as the Section 514, 515 and 516 multi-family housing programs. The Committee will monitor the loan commitment authority of Section 502 programs and examine innovative proposals to address potential funding shortfalls in all RHS single family and multifamily programs. The Committee will

also review the effectiveness of HUD programs that address the various affordable and basic housing needs of rural and colonias communities.

*Section 202 Elderly and Section 811 Disabled Housing.* The Committee will review the Section 202 and 811 supportive housing programs for the elderly and disabled, including proposals to facilitate the timely production of new units, preserve the existing housing stock of 202 and 811 projects and increase refinancing flexibility for such projects to carry out needed rehabilitation of older properties. The Committee will continue to monitor the ease of use for layered financing limited partnership arrangements between non-profit and for-profit project sponsors. Additionally, the Committee will explore the availability and provision of supportive services to residents.

*Homelessness.* The Committee will review the McKinney-Vento homeless assistance program, including resuming its effort to enact comprehensive homeless reform legislation, as was passed by the House last Congress, the “Homeless Emergency Assistance and Rapid Transition to Housing Act of 2008.” The Committee will also review HUD homeless assistance programs and services for veterans who are homeless or at risk of becoming homeless. The Committee will look at the impact of homeless programs on families and children.

*Native American Housing.* The Committee will review issues arising out of Native American housing programs at HUD, particularly the implementation of the Native American Housing and Self Determination Act (NAHASDA –Public Law 110-411), and a report to be published by the General Accountability Office as required by the legislation.

*Neighborhood Stabilization Program.* The Committee will conduct a hearing or a series of hearings on the Neighborhood Stabilization Program, including whether there is a need for statutory changes regarding the program’s efficiency and effectiveness.. The Committee will consider the need for alterations to the funding formula, the program spend out rate, as well as the role of nonprofits and local government capacity in carrying out the program. The Committee will examine the effectiveness of accountability language inserted in P.L. 110-289 that was designed to ensure proper transparency and oversight of eligible entities for Neighborhood Stabilization funding.

*Community Development Block Grants.* The Committee will conduct a hearing or a series of hearings on the Community Development Block Grant (CDBG) program, including the role of Congressional input and oversight in CDBG projects, the use of block grant funds at the local level, and program waivers. The Committee will also review the impact of environmental and economic benefit mandates on the timely expenditure of CDBG funds. The Committee may also review the current allocation formula for CDBG funds.

*Federal Housing Response to Natural Disasters.* The Committee will continue to review the progress of housing reconstruction in the Gulf Coast, including the availability of affordable housing for low-income families, the impact of disasters on public and assisted housing, the ability of displaced residents to return home and the impact on surrounding communities. In addition, the Committee will continue to examine the role of government in long-term disaster housing and conduct oversight of recovery efforts in effected areas receiving federal recovery assistance. The Committee will review the role of government in long-term housing, as well as economic and infrastructure recovery of the Gulf Coast region and the ability of homeowners to rebuild, including the availability of homeowner’s insurance. Finally, the Committee will examine potential funding sources for the production, repair, and reconstruction of affordable housing in areas affected by natural disasters.

The Committee will also continue to monitor efforts by HUD and the Federal Emergency Management Agency (FEMA) to coordinate efforts to provide funding to public housing developments that are damaged or destroyed by natural disaster or emergencies. Such review will be in coordination with the Committee on Transportation and Infrastructure, which has jurisdiction over FEMA.

*National Flood Insurance Program (NFIP).* During the 110th Congress, the House passed the Flood Insurance Reform and Modernization Act of 2007, H.R. 3121. The Committee remains committed to the comprehensive reform and long-term reauthorization of the NFIP. To this end the Committee will continue its general review of NFIP participation, rate setting, map modernization, loss mitigation, claims handling, and rate subsidization for repetitive loss properties and second homes. The Committee will continue its efforts to achieve reforms that phase-in more actuarially sound premium rates in the short term.

*HUD Mission, Management Reform and Staffing.* The Committee will review the overall mission, organization, human resources and information technology capabilities of the Department of Housing and Urban Development to determine whether the Department is meeting and addressing housing issues in the most efficient manner. The Committee will continue to track the transparency, accountability and oversight protocols for all HUD grant and loan recipients, including non-profit organizations. The Committee will consider the need for additional personnel to properly administer and monitor new and expanded HUD programs designed to address the current mortgage foreclosure crisis and increasing affordable housing needs.

*Project-Based Section 8 Program.* The Committee will continue to review the timeliness of Housing Assistance Payments for project-based Section 8 properties and may review the need to make statutory changes to ensure the timeliness of Housing Assistance Payments.

*Housing Counseling.* The Committee will review current housing counseling programs, which includes federal, state, private and nonprofit efforts, to help ensure that such programs are an effective tool in minimizing defaults and foreclosures. The Committee will also consider whether improvements could be made to enhance consumer education as well as prevent abusive lending practices.

*Fair Housing.* The Committee will review a report to be published by the General Accountability Office regarding fair lending enforcement by regulatory agencies, including HUD and may hold a hearing, or series of hearings, on the GAO report.

*Green Development.* The Committee will monitor proposals to promote green development in federally assisted housing, including legislation from the last Congress entitled the Green Resources for Energy Efficient Neighborhoods Act of 2008, and any voluntary, private sector green building standards already in place that encourage cost effective energy efficiency for affordable housing.

*Housing and Services.* The Committee will conduct a hearing or a series of hearings on the delivery of housing-based social services, including child care, education, and employment training for low income families, and mental health and substance addiction services for chronically homeless individuals. The Committee will also examine the extent to which affordable housing developers and their social service provider partners face challenges in financing these services.

*Oversight of Federal Housing Programs.* The Committee will hold oversight hearings on other Federal housing programs run by HUD and the Rural Housing Service. In addition to

examining whether these programs are meeting their housing missions, they will focus on the costs, spend out rates and oversight and accountability measures governing these programs.

*Real Estate Settlement Procedures Act (RESPA).* The Committee may review issues related to RESPA including implementation of the RESPA rule promulgated by HUD in November 2008. The Committee will also examine HUD's recommendations for statutory reforms to RESPA.

*Escrows.* The Committee will generally explore problems related to establishing and servicing escrow accounts. This examination will also focus on the need to advance Federal reforms to require escrow accounts for those homeowners with less-than-perfect credit scores or high-cost mortgages.

*Mortgage Broker Licensing and Oversight.* The Committee will monitor implementation of the S.A.F.E. Mortgage Licensing Act of 2008 which established a mortgage originator licensing system and registry to better protect homebuyers.

## INSURANCE

*Insurance Regulatory Modernization.* The States have long had the primary responsibility for regulating the business of insurance. In recent years, there has also been both a state and federal effort to modernize and improve insurance regulation. During the 110<sup>th</sup> Congress, the Capital Markets Subcommittee held a series of hearings on reforming insurance regulation and approved a number of incremental reforms, including a bill to strengthen the corporate governance standards and improve the effectiveness of risk retention groups, as well as other legislation described below. In the 111<sup>th</sup> Congress, the Committee will reconsider these previously approved reforms and, as part of its ongoing comprehensive review of the oversight of the financial services industry, will evaluate new policy alternatives for modernizing insurance regulation.

*Financial Guarantee Insurance.* The financial guarantee insurance industry lies at the center of the ongoing credit and liquidity crisis that has roiled financial markets in recent months. Turmoil within this sector has caused tens of billions of dollars of losses to investors and financial institutions, and an unraveling of many secondary debt markets. The Committee will therefore monitor the ongoing efforts of the financial guarantee insurance industry to recapitalize itself and the efforts of individual financial guarantee insurers to restore their triple-A credit ratings. The Committee will also review the consequences of the actions by financial guarantee insurers to expand their business model beyond traditional insurance into financial products guaranteeing the credit worthiness of more complex securities, including those backed by subprime mortgages. The Committee will further examine the ability of municipal issuers to access the capital markets in an unfavorable credit environment. In this regard, the Committee will explore the possibility of Federal participation in the municipal bond or reinsurance marketplace.

*Insurer Access to the Trouble Asset Relief Program (TARP).* The federal government has taken unprecedented measures to rescue American International Group (AIG), a financial services holding company with major insurance components. AIG has been given access to more than \$170 billion in taxpayer funds, including \$40 billion from TARP under the Emergency Economic Stabilization Act. Some insurance companies (generally life insurers and financial guarantee insurers) have also sought access to federal bailout funds through



the TARP. To date, the Treasury Department has approved federal assistance for federally-regulated entities only. As a result, numerous insurance companies have recently sought to convert themselves into savings-and-loan holding companies subject to federal regulation. The Committee will review the need for insurer access to TARP funds and the resulting implications of any Federal aid to insurers.

*Regulation of Insurer Systemic Risks.* As part of its overhaul of systemic risk regulation, the Committee will look at the role insurance plays in the economy and its interconnectedness with other sectors of the financial services system. As noted above, insurers offering financial guarantee products, like AIG and the municipal bond insurers, have demonstrated that insurers and their holding companies can create systemic risks. The Committee therefore will work to identify solutions aimed at mitigating the systemic risks posed by insurers or their holding companies.

*Terrorism Risk Insurance.* During the 110<sup>th</sup> Congress, Congress revised and reauthorized the Terrorism Risk Insurance Program through December 31, 2014 with passage of the Terrorism Risk Insurance Program Reauthorization Act of 2007. In order to ensure the continued availability of terrorism insurance coverage and protect the economic security of the United States, the Committee will review Treasury Department's implementation of new and revised elements of the program. Furthermore, the Committee will monitor the continued impact of the program on the terrorism insurance marketplace and the utilization by the marketplace of the coverage provided through the program, paying particular attention to: (i) the applicability of the program to single-risk, captive insurers created since 2002; (ii) the implications of the program's failure to cover nuclear, chemical, biological and radiological events; and (iii) lessons learned from the program that relate to the private sector's capacity to provide insurance coverage for the risk of extreme catastrophic events and the larger topic of insurance regulatory reform.

*Agent and Broker Licensing Reform.* As part of the Gramm-Leach-Bliley Act, Congress sought to establish greater reciprocity or uniformity thresholds for non-resident producer licensing. Although many States have made considerable progress in streamlining their producer licensing systems, during the 110<sup>th</sup> Congress the House passed H.R. 5611, a bill to create the National Association of Registered Agents and Brokers (NARAB) and further streamline insurance producer licensing by allowing NARAB to establish minimum licensing reciprocity standards through which an insurance agent or broker licensed in one state could automatically qualify as a broker or agent in any other state. The Committee will continue its incremental efforts to facilitate insurance producer licensing within the current regulatory system. As part of the larger topic of financial services regulatory reform, the Committee may consider other measures intended to promote even greater insurance producer licensing uniformity and reciprocity while still assuring sufficient consumer protections.

*Surplus Lines and Reinsurance.* In the 109<sup>th</sup> and 110<sup>th</sup> Congresses, the House passed the Nonadmitted and Reinsurance Reform Act. To promote greater efficiency in the surplus lines and reinsurance marketplaces used by large and sophisticated entities to obtain coverage against losses, the Committee will continue its review of these matters and renew its efforts to achieve positive incremental reforms that benefit insurance consumers.

*Guarantee Funds.* To protect policyholders in the event of an insolvency of an insurer, each State has in place a system of guarantee funds. In this period of growing financial insecurity, the Committee will monitor the effectiveness of these systems to protect policyholders in the event of an insurer's insolvency and study whether changes should be

made to the present guarantee system if broader changes are made to the regulation of insurance.

*Insurance Investments.* Insurance companies seek to match long-term obligations with long-term investments. In doing so, many insurance companies invest in real estate, with an emphasis on commercial real estate. As the real estate sector faces unprecedented loss, life insurance companies sought capital and surplus relief from State regulators in late 2008. The Committee will monitor the financial health of insurance companies. Separately, the Committee may also examine the two investment pools in Massachusetts, one for property-and-casualty insurers and one for life insurers, working to help fund the development of affordable housing, commercial and industrial real estate, small business, and other community projects.

*Insurance Information.* After the September 11, 2001 terrorist attacks and Hurricane Katrina, many noted that the Federal government lacked an in-house resource for obtaining information about the insurance industry. The current economic crisis further points out the significant role insurance can have in our economy, and the lack of information within the federal government of the industry. The ratings downgrades of bond insurers in 2007 and 2008 resulted in a tighter credit for municipalities and other bond issuers, even though the bond insurers account for only 0.3 percent of the total premium written for the entire insurance industry. Moreover, the American taxpayer is now a major shareholder in AIG, after the unprecedented intervention of the federal government into the financial services holding company to prevent a systemic collapse. The Committee therefore will continue to review ways to increase the federal knowledge base on insurance issues, including establishing an Office of Insurance Information. Such a centralized insurance informational resource center within the federal government could help to better coordinate responses after disasters, enhance international discussions on insurance issues, and provide expert advice to both Congress and federal financial regulators on issues affecting the insurance industry.

*Credit Scoring and Insurance.* During the 110<sup>th</sup> Congress the Committee examined the use of consumer credit information to underwrite personal lines of insurance, including automobile and homeowners insurance. On July 19, 2007, the Federal Trade Commission also released the first portion of a statutorily required, two-part report entitled, "Credit-Based Insurance Scores: Impacts on Consumers of Automobile Insurance." The pending second portion of that report, addressing homeowners insurance, will be reviewed by this Committee when it is completed. The Committee will also continue to monitor the effects of the use of consumer credit information by insurance companies to underwrite and rate in all personal lines of insurance to assess its impact on consumers, including whether its use is accurate and fair in assessing insurance risks and whether it is effective in assuring accessibility and affordability to all consumers.

*Natural Catastrophe Insurance.* Over the past decade, insurance markets throughout all regions of the United States have experienced ever increasing issues surrounding the availability and affordability of natural catastrophe insurance. When combined with the complexities of single and multi-peril coverage and coverage exclusions, these nationwide issues of availability and affordability often result in otherwise insurable properties being uninsured or underinsured in the event of a natural disaster. Uninsured natural disaster losses are not only a financial burden to individual property owners, but impose financial costs on the properties' inhabitants, private insurers, lenders, and federal, state and local governments. To address these interrelated, growing national issues, the Committee will continue to collect information and review the general availability, affordability, and uptake rates of personal and commercial natural catastrophe insurance across the United States.

The Committee will also continue its study of how those at risk for natural catastrophes are informed of the availability of federal programs and private insurance coverage, and how well individuals, businesses, and local governments understand the risks they assume for uninsured disaster losses as a result of their choices. Further, the Committee will explore existing programs in foreign countries and the states, as well as proposals initiated by private market insurers, for providing insurance or reinsurance for natural catastrophes. Given the volume and complexity of the information to be collected on this topic, the Committee may explore the creation of a commission to gather relevant information and report on a range of potential legislative, private market, and public-private solutions to improve the availability, affordability, and uptake rates of natural catastrophe insurance. While committed to reforming and reauthorizing the National Flood Insurance Program for the immediate future, the Committee will include flood insurance as part of any discussion of natural catastrophe insurance. Likewise, the Committee will examine ways to ensure that any comprehensive approach to natural catastrophe insurance include effective loss mitigation measures and responsible land management provisions. Finally, the Committee will consider legislative solutions designed to maximize the use of private market insurance and minimize the instability of temporary and extreme fluctuations in the availability, affordability and utilization of natural catastrophe insurance.

*Retirement Products.* Given Americans increased reliance on personally controlled retirement savings and the proliferation of increasingly complex retirement products, the Committee will continue to monitor the response of the insurance industry to these developments, including review of the expected impact of the Security and Exchange Commission's recently finalized indexed annuities rule, Rule 151(A). In its review, the Committee will explore the ability of financial regulators to adequately protect consumers of annuity products, especially in the current volatile markets, and whether any gaps in functional oversight exist.

*Reinsurance.* As an essential tool for spreading and managing risk, reinsurance and its regulation directly impact the availability and affordability of all insurance coverage available in the United States. The Committee will review existing economic and regulatory constraints on the United States' reinsurance marketplace and seek to identify legislative approaches designed to foster reinsurance availability without sacrificing necessary consumer protections. As part of the larger topic of insurance regulatory reform, the Committee will also explore alternate systems of national reinsurance regulation.

*International Developments.* Though regulated on a state-by-state basis, the business of insurance has for many decades transcended state boundaries. The capital pools provided by the reinsurance industry and the adoption of international trade agreements have long since made the insurance industry a global one. For these reasons, the Committee will continue to monitor developments in international insurance regulation. As part of the larger topic of insurance regulatory reform, the Committee will also explore how the current state-by-state insurance regulatory system fits into an increasingly evolving global insurance marketplace.

## INTERNATIONAL FINANCE

*Annual Report and Testimony by the Secretary of the Treasury on the State of the International Financial System and International Monetary Fund Reform.* The Committee will review and assess the annual report to Congress from the Secretary of the Treasury on

the state of the international financial system and the International Monetary Fund (IMF). Pursuant to section 613 of Public Law 105-277, the Committee will hear annual testimony from the Secretary of the Treasury on the contents of this report, as well as on matters relating to the international financial institutions and international economic issues generally. The Committee will also consider the capacity of the IMF to fulfill its mission in the current global economic crisis and any requests from the Administration for legislation to authorize U.S. commitments pursuant to an IMF reform agreement.

*Exchange Rates.* The Committee will review and assess the semi-annual report to Congress from the Secretary of the Treasury on International Economic and Exchange Rate Policies pursuant to the Omnibus Trade and Competitiveness Act of 1988. The Committee will monitor developments related to the exchange rate policies of the United States' major trading partners and will pay particular attention to the policies of countries that seek to maintain a fixed exchange rate for their currencies. The Committee will assess the effects of these currency practices on the competitiveness of U.S. firms and on the stability of the international financial system.

*Global capital flows.* The Committee will monitor the effects of the flow of capital globally, and in particular, trends in foreign countries' investments of their large currency reserves in the United States and other countries. The Committee will assess the effects of the investment of these reserves on global financial stability and on multilateral policy initiatives. The Committee will also assess U.S. and multilateral policies on the regulation of capital flows.

*Trade in Financial Services.* The Committee will remain active in the oversight of trade negotiations and discussions as they pertain to investment and trade in financial services. The Committee will also monitor the progress of the United States' trading partners in meeting their financial services and investment commitments under existing trade and investment agreements.

*Export-Import Bank of the United States.* The Committee will assess the role of the Export-Import Bank in providing trade finance particularly in light of the current credit retrenchment by private sources of trade finance. The Committee will consider the adequacy of the current authorization level for Bank lending as well as other potential constraints on the Bank's ability to play a greater role in filling the gap in trade finance. The Committee will also closely monitor the Bank's competitiveness relative to foreign export credit agencies (ECAs), with particular attention to competitiveness with the export credit practices of countries that are not members of the Organization for Economic Co-operation and Development.

*International Clean Technology Fund.* The Committee will be prepared to consider a possible Administration request for funding of the U.S. commitment under the 2008 agreement to establish an international Clean Technology Fund to be administered by the World Bank. The Committee will pay particular attention to the standards and requirements for the funding of projects under the CTF, including eligibility of countries, types of projects, eligible technologies and economic sectors, and the level of funds allocated to any one country.

*Counter-terrorism Financing Policy.* The Committee will continue to monitor the role of the Treasury Department in promoting the adoption and implementation of counter-terrorism standards around the world through the Financial Action Task Force (FATF), the IMF, and the MDBs as well as the evolution of the standards themselves as promulgated by FATF. The Committee will also monitor the Office of Technical Assistance at Treasury, its

coordination with the other agencies in the Terrorist Financing Working Group and its assessment and alignment of resources in the delivery of counter-terrorism financing training and technical assistance abroad. The Committee will also monitor FinCEN and its coordination with Egmont as our nation's foreign intelligence unit (FIU).

*U.S. Oversight over the International Financial Institutions (IFIs).* The Committee will review U.S. participation in, and the effectiveness of U.S. policy toward, the International Financial Institutions, including the International Monetary Fund, the World Bank, and the regional development banks.

The Committee will continue to press for increased accountability, openness and transparency within the multilateral institutions. The Committee will examine the importance of public participation in these institutions as a critical component of effective development and growth, which includes access to information and documents, as well as increased consultation with civil society in the development of the institutions' social and environmental safeguard policies.

The Committee will examine the role of trade, investment and private sector activity in helping to promote growth and reduce poverty. It will also explore the essential role of the state in addressing market excesses and in helping to assure that the gains of economic growth are more fairly distributed throughout society.

The Committee will continue to closely examine the World Bank's policies and operations in areas relating to labor markets, extractive industries and the expanded collaboration between IDA and the World Bank's private sector affiliate, the International Finance Corporation. With regard to labor market and employment policies, the Committee will continue to closely examine the "Employing Workers" and "Paying Taxes" indices of the World Bank's annual "Doing Business" report, and their implications with regard to the ability of countries to comply with the labor standards and conventions of the International Labor Organization and to maintain adequate social safety nets. With regard to extractive industries, the Committee will continue to examine standards and policies of revenue transparency that can help ensure that citizens in resource-rich countries benefit from the sale of these resources.

With regard to enhanced collaboration between the IDA and IFC, the Committee will examine how recipient countries can maintain an appropriate role for the state as these institutions expand the role of the private sector in development.

*Replenishment of the International Development Association (IDA) and the African Development Fund (AfDF).* The Committee will work to enact legislation authorizing U.S. participation in, and the commitment of U.S. funds for, the IDA-15 and AfDF-11 replenishments requested by the Administration.

*Replenishment of the Asian Development Fund.* The Committee will consider legislation to authorize the commitment of U.S. funds for the 10<sup>th</sup> replenishment of the Asian Development Fund. In considering the authorization of this replenishment, the Committee will consider the degree to which the current Asian Development Bank's Safeguard Policy Update exercise preserves or strengthens the social and environment policies of the institution.

*International Debt Relief.* For many years, this Committee has worked in a bipartisan way on the issue of debt relief for the world's poorest countries as an essential component in the overall effort to help alleviate the desperate poverty and misery that exists in many parts of the world. Following House passage of the "Jubilee Act for Responsible Lending and Expanded Debt Cancellation" in the 110<sup>th</sup> Congress, the Committee will evaluate the need for expanded debt cancellation to eligible low-income countries and will continue to examine the extent to which economic and policy conditionality has negative consequences, such as deepening poverty, degrading the environment, and reducing the policy flexibility required for governments to respond to national interests as conveyed through democratic processes. In addition, in light of the findings of a recent GAO report on debt relief, the Committee will examine the ways in which poverty alleviation through debt relief is measured, as well as the impact of U.S. arrearages to IDA on funding for debt relief.

The Committee will closely monitor the dire economic situation facing the people of Haiti and will consider appropriate policy responses to help alleviate one of the worse cases of human misery in the hemisphere.

*Institutionalizing Democratic Accountability at the IFIs.* Because international economic institutions like the World Bank are at some distance from direct democratic accountability, the Committee will begin to examine ways to increase democratic participation and accountability within the IFIs. Based on their charters, the international financial institutions are accountable to the finance ministers of member countries, who may not always be impartial representatives of the people. The Committee will be calling on experts to undertake a study of various options to improve parliamentary oversight, including the possibility of forming an international parliamentarian committee, which would include both donor and recipient countries, before which officials of the IMF and World Bank could appear to review their institution's agendas and procedures.

*Sudan Accountability and Divestment Act.* The Committee will hold a hearing to look at the degree to which the Sudan Accountability and Divestment Act of 2007 has affected the decisions of individual states and private asset fund managers to divest Sudan-related assets from their portfolios as a way of pressuring the government of Sudan to end its systematic atrocities against the people in the Darfur region.

*Strengthening Sanctions against Iran.* Following House passage of the "Iran Sanctions Enabling Act" in the 110<sup>th</sup> Congress, the Committee will assess the need to step up financial pressures on Iran including proposals to remove certain legal barriers to make it easier for state and local pension funds and other asset managers to divest their funds from Iranian investments should they choose to do so.

## THE ECONOMY, DOMESTIC MONETARY POLICY, AND TECHNOLOGY

*The Economy and Its Impact on Living Standards.* The Committee will examine the extent to which changes in the economy, and in particular changes in labor and capital markets, as well as changes in public policy, have altered the way in which policymakers should think about the relationship between economic growth, productivity growth, and growth in employment and incomes. The Committee will examine these relationships in an effort to

determine policy responses that will increase our ability to improve the standard of living for American families. The Committee will examine the consequences of taking unprecedented monetary and fiscal policy moves simultaneously in an effort to stimulate new economic growth, and attempt both to determine the consequences of such moves and to discover actions that might be taken to avoid any severe negative effects.

*Conduct of Monetary Policy by the Board of Governors of the Federal Reserve System.* The Committee will hold hearings to receive the Chairman of the Board of Governors of the Federal Reserve System's semi-annual reports on the conduct of monetary policy. As part of this effort, the Committee will review issues associated with monetary policy and the state of the economy, including whether the current path of monetary policy is consistent with the triple goals -- maximum employment, stable prices, and moderate long-term interest rates -- set forth in the Federal Reserve Reform Act of 1977 (Public Law 95-188). The Committee will continue to monitor the Federal Reserve Board to see if ways can be found to make its activities more transparent, consistent with the increased transparency the institution has shown over the past decade and a half.

*Management of Reform of the Federal Reserve System.* The Committee will conduct oversight of the operations of the Federal Reserve System, including the System's management structure, its role in providing financial services, its conduct of monetary policy, and its role as a regulator with particular attention to compliance with anti-money laundering and anti-terrorist financing laws and regulations.

*Defense Production Act.* The Committee will act on legislation to reauthorize the Defense Production Act (DPA) before its expiration in 2009. As part of this effort, the Committee will consider the effectiveness of the DPA authorities in promoting national security. The Committee's review of DPA will consider the findings and recommendations of the Government Accountability Office's June 2008 report, "Defense Production Act: Agencies Lack Policies and Guidance for Use of Key Authorities," as well as the April 2008 interagency report that was mandated by the 9/11 Commission Act of 2007. Committee action on DPA will also include consideration of defense contract offsets and their impact on the U.S. economy.

*Committee on Foreign Investment in the United States.* The Committee will monitor the implementation of the Foreign Investment and National Security Act of 2007, which reformed the Committee on Foreign Investment in the United States (CFIUS). The Committee will closely monitor CFIUS actions to seek to ensure that foreign investments that pose legitimate threats to national security are either rejected or the threats are effectively mitigated. The Committee will also monitor the extent to which the United States maintains a policy of openness toward foreign investment, so that investments that pose no threat to national security are able to go forward.

*Management of the Nation's Money: Activities of the Bureau of the Mint and the Bureau of Engraving and Printing.* The Committee will conduct oversight of the activities of these Treasury bureaus as they relate to the printing and minting of U.S. currency and coins, and of the operation of U.S. Mint programs for producing Congressionally authorized commemorative coins and Congressional gold medals. The Committee will examine methods to reduce the cost of minting coins through the use of alternative metals. The Committee will examine efforts to make currency more accessible to the visually impaired. The Committee will continue its review of efforts to detect and combat the counterfeiting of U.S. coins and currency in the United States and abroad.

*The U.S. Treasury Department's Financial Crimes Enforcement Network (FinCEN):* The Committee will continue to oversee the operations of FinCEN and the Bureau's ongoing efforts to implement its regulatory mandates pursuant to the Bank Secrecy Act (BSA), as amended, to fight against money laundering and terrorist financing activities. The Committee will examine the filing process of Suspicious Activity Reports (SARs) and Currency Transaction Reports (CTRs) with the Bureau, including the utility of the forms, electronic filing, organizational structure of the filing process, and burden to financial institutions in filing these reports. The Committee will examine means to reduce the burden on financial institutions in complying with BSA regulations, while maintaining the utility of the material gathered by these filings to law enforcement. The Committee will examine the protections for consumer privacy in the filing of these BSA reports and the sharing of this sensitive information among the agencies and law enforcement entities that utilize this data. The Committee will examine the guidance issued by FinCEN to BSA examiners to foster more uniform examination and enforcement practices. The Committee will examine the balance of responsive work and analytical work performed by FinCEN and their relative benefit to law enforcement. The Committee will oversee FinCEN's efforts to implement a statutory provision in section 6302 of the Intelligence Reform and Terrorism Prevention Act of 2004 (Public Law 108-458), that required the Treasury Secretary to certify the benefit of certain cross-border electronic transfers to law enforcement, compared to the related cost to financial institutions and the government, before issuing regulations requiring financial institutions to report certain cross-border electronic transfers to FinCEN.

*Treasury's Office of Foreign Asset Control (OFAC):* The Committee will continue to monitor the functions of OFAC as its workload increases, and study ways of improving its working relationship with financial institutions.