

MEMORANDUM

To: Members of the Committee on Financial Services

From: FSC Majority Staff

Date: July 13, 2023

Re: July 18, 2023, Subcommittee Hearing: “Climate-Risk: Are Financial Regulators Politically Independent?”

On Tuesday, July 18, 2023, at 10:00 a.m. in Room 2220 of the Rayburn House Office Building, the Financial Services Subcommittee on Financial Institutions and Monetary Policy will hold a hearing titled “Climate-Risk: Are Financial Regulators Politically Independent?” The following witnesses will testify:

- Michael S. Gibson, Director, Division of Supervision and Regulation, Board of Governors of the Federal Reserve System
- Greg Coleman, Senior Deputy Comptroller for Large Bank Supervision, Office of the Comptroller of the Currency
- Doreen Eberley, Director, Division of Risk Management and Supervision, Federal Deposit Insurance Corporation
- Rendell L. Jones, Deputy Executive Director, National Credit Union Administration
- The Honorable Sarah Benatar, Treasurer, Coconino County, Arizona

Background

The hearing will examine recent actions by federal banking regulators to incorporate climate-related financial risks into financial institutions’ risk management frameworks and to monitor and guide those frameworks. The hearing will also examine recent actions by federal banking regulators to incorporate recommendations related to climate-related financial risks of Executive Orders, the Financial Stability Oversight Council, Executive-Branch-led working groups, and international non-governmental organizations. Many recent climate-related financial risk actions by regulators closely align with President Biden’s May 20, 2021, Executive Order on Climate-Related Financial Risk (EO 14030) and, relatedly, the Financial Stability Oversight Council’s determination of climate change as “an emerging and increasing threat to financial stability” on October 21, 2021.

Legislative Proposals

The bills outlined below will be discussed during hearing:

H.R. _____, the Stop Executive Capture of Banking Regulators Act

This bill would require that the Federal Reserve Board, Office of the Comptroller of the Currency, Federal Deposit Insurance Corporation, and National Credit Union Administration provide notice to Congress, reporting, and testimony upon request prior to implementing recommendations made by the Chairperson of the Financial Stability Oversight Council or by an Executive Order.

H.R. _____, the Ensuring U.S. Authority over U.S. Banking Regulations Act

This bill would require that the Federal Reserve Board, Office of the Comptroller of the Currency, Federal Deposit Insurance Corporation, and National Credit Union Administration provide notice to Congress, testimony, and analysis prior to rulemaking that would implement policy recommendations of non-governmental organizations with significant projected economic effects.

H.R. _____, the Banking Regulator International Reporting Act

This bill would require reporting by the Federal Reserve Board, Office of the Comptroller of the Currency, Federal Deposit Insurance Corporation, and National Credit Union Administration on meetings with non-governmental organization related to standardization of policies and regulations.

H.R. _____, the Restoring the Federal Reserve Board Act

This bill would amend the Federal Reserve Act to remove the designation, established by the Dodd-Frank Act, of one of the members of the Board of Governors as the “Vice Chairman for Supervision” to protect Board processes and eliminate mission creep.