

## OVERSIGHT PLAN OF THE COMMITTEE ON FINANCIAL SERVICES FOR THE ONE HUNDRED THIRTEENTH CONGRESS

FEBRUARY 15, 2013.—Approved by the Committee on Financial Services

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Mr. HENSARLING, 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 113<sup>th</sup> Congress requires each standing committee, not later than February 15 of the first session, to adopt an oversight plan for the 113<sup>th</sup> 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 113<sup>th</sup> 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 four 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 DODD-FRANK WALL STREET REFORM AND CONSUMER PROTECTION ACT

Enacted in response to the financial crisis of 2008 and the bailouts of large Wall Street firms at taxpayer expense, the Dodd-Frank Wall Street Reform and Consumer Protection Act (P.L. 111-203) represents the most extensive change in the regulation of financial institutions since the Great Depression. The implementation of the Dodd-Frank Act will affect not only every financial institution that does business in the United States but also non-financial institutions and consumers as well. The Dodd-Frank Act holds out the promise that it will “promote the financial stability of the United States by improving accountability and transparency in the financial system,” “end ‘too big to fail,’” “protect the American taxpayer by ending bailouts,” and “protect consumers from abusive financial services practices.” One of the primary tasks of the Committee in the 113<sup>th</sup> Congress will therefore be to continue to oversee the implementation of the Dodd-Frank Act to ensure that these objectives are being met. The Committee will conduct careful oversight and monitoring of the financial regulators charged with implementing the Dodd-Frank Act to ensure that they prudently exercise the new authority conferred upon them under the Act without unduly hampering the ability of consumers and businesses to obtain credit, or the

ability of capital market participants to allocate capital to productive uses, mitigate risk, and grow the economy. In particular, the Committee will seek to ensure that regulators carefully and transparently assess the costs and benefits of regulations called for by the Dodd-Frank Act in order to strike an appropriate balance between prudent regulation and economic growth. The Committee will also examine the extent to which a lack of global coordination on financial reforms could place the United States financial services industry at a competitive disadvantage. As part of this review, the Committee will examine the “living wills” process provided in the statute, and whether that process has enhanced the regulators’ ability to understand risks posed by large institutions and to facilitate the orderly liquidation of a large institution.

## SPECIFIC DODD-FRANK OVERSIGHT MATTERS

*Financial Stability Oversight Council (FSOC).* Created by the Dodd-Frank Act, the Financial Stability Oversight Council is an interagency body charged with identifying, monitoring and addressing potential threats to U.S. financial stability. The Dodd-Frank Act requires the FSOC to report annually to Congress, to be followed by testimony by the Secretary of the Treasury in his capacity as FSOC Chairman. The Committee will conduct significant oversight over the FSOC, monitoring among other things the extent to which its designation of “systemically significant” firms may create an expectation among market participants that the government will not permit these firms to fail, as well as the effectiveness of the FSOC in making financial markets more stable and resilient.

*Office of Financial Research (OFR).* Created by the Dodd-Frank Act and housed within the Department of the Treasury, the Office of Financial Research is charged with collecting and analyzing financial transaction and position data in support of the FSOC. The OFR has broad powers to compel the production of information and data from financial market participants, and it will use this information to conduct research designed to improve the quality of financial regulation, and to monitor and report on systemic risk. Section 153 of the Dodd-Frank Act requires the OFR to report annually to Congress on the state of the U.S. financial system, and requires the Director of the OFR to testify annually before the Committee on the OFR’s activities and its assessment of systemic risk. The Committee will conduct oversight of the OFR to ensure that the office is transparent and accountable, that it makes progress towards fulfilling its statutory duties, that its requests for data are not unduly burdensome or costly, and that the confidentiality of the data that it collects is strictly maintained. The Committee will also assess whether the OFR duplicates data collection efforts already being undertaken by other regulatory bodies.

*Volcker Rule.* Section 619 of the Dodd-Frank Act, popularly known as the “Volcker Rule,” prohibits U.S. bank holding companies and their affiliates from engaging in “proprietary trading” and from sponsoring hedge funds and private equity funds. The Committee will oversee the Federal regulators’ implementation of the Volcker Rule to ensure that it does not result in unintended consequences for U.S. economic

competitiveness and job creation, depress the value of pension plans and retirement accounts, or drain substantial amounts of liquidity from the U.S. capital markets.

*“Too Big to Fail.”* The Committee will oversee the implementation of Titles I and II of the Dodd-Frank Act, which authorize the Federal government to designate large, complex financial institutions for heightened prudential standards and supervision and to exercise so-called “orderly liquidation authority” to resolve any firm whose failure the government decides could destabilize the financial system. The purpose of this review will be to test the claims by the proponents of the Dodd-Frank Act that these provisions have effectively ended “Too Big to Fail,” as well as the claims of those who contend that they have instead further entrenched that doctrine, leaving in place a system that subverts market discipline and confers competitive advantages on the nation’s largest financial institutions at the expense of institutions deemed “too small to save.”

## FINANCIAL INSTITUTIONS AND CONSUMER CREDIT

*Bureau of Consumer Financial Protection (CFPB).* The Committee will oversee the activities of the Consumer Financial Protection Bureau, which was created by the Dodd-Frank Act and charged with “regulating the offering and provision of consumer financial products or services under the Federal consumer financial laws.” The Committee will seek to ensure that the CFPB’s regulatory, supervisory and enforcement initiatives protect consumers against unfair and deceptive practices without stifling economic growth, job creation, or reasonable access to credit. In particular, the Committee will review CFPB enforcement actions to determine whether such actions are based on clearly articulated rules and the extent to which such actions are based on discretionary, arbitrary and undefined standards. The Committee will also review how the CFPB collaborates and coordinates with other Federal and State financial regulators, and how the CFPB is fulfilling its statutory duty to ensure that “outdated, unnecessary, or unduly burdensome regulations are regularly identified and addressed in order to reduce unwarranted regulatory burdens.” The Committee will continue to examine whether the CFPB’s budget and its source of funding is appropriate as well as whether the CFPB’s budget should be subject to Congressional appropriations. The Committee will evaluate the powers of a presidentially appointed, non-Senate confirmed Director to write rules, supervise compliance, and enforce consumer protection laws. The Committee will monitor the impact of CFPB actions on small businesses and on financial institutions of all sizes, and in particular, on those with fewer than \$10 billion of assets. The Committee will receive the statutorily required semiannual testimony of the Director.

*Troubled Asset Relief Program (TARP).* The Committee will continue to examine the operation of the Troubled Asset Relief Program, authorized by the Emergency Economic Stabilization Act (EESA), to ensure that the program is being administered properly and that any instances of waste, fraud or abuse are identified and remedied. The Committee will analyze the unwindings of TARP facilities and programs to ensure that taxpayer recoveries are maximized and remaining funds are used for deficit reduction, as

contemplated by EESA. The Committee will also examine the extent to which other government programs, such as the Small Business Lending Fund, are used by recipients of TARP funds for repayment of such funds.

*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 Committee may also ask each financial regulatory agency to review its promulgated rules and identify those which may be unnecessarily burdensome or outdated. Additionally, the Committee's examination of the regulatory system will encompass the trend toward consolidation in the banking industry, which requires Federal regulators to maintain the expertise and risk evaluation systems necessary to oversee the activities of the increasingly complex institutions under their supervision. As an extension of this examination, the Committee will assess the degree to which the increasing concentration of bank assets in the largest institutions may contribute to a regulatory environment that discriminates against the smaller but much more numerous community banks.

*Capital Standards and Basel III.* The Committee will continue to examine new global bank capital and liquidity rules being developed by the Basel Committee on Banking Supervision. In particular, the Committee will call upon the Federal banking regulators to explain how their implementing regulations balance safety and soundness concerns against the needs of consumers and businesses for continued access to credit, and how standards adopted in Basel will be tailored to meet the unique features of the U.S. financial system, and particularly the specific needs of community banks. The Committee will also examine the Financial Stability Oversight Council's study on the effects of limits on the size and complexity of financial institutions on capital market efficiency and economic growth. The Committee will seek to ensure that the rules maintain the stability of the financial system yet preserve the ability of that system to pursue responsible risk-taking.

*Mortgages.* The Committee will closely review recent rulemakings by the Consumer Financial Protection Bureau and other agencies on a variety of mortgage-related issues. The Committee will monitor the coordination and implementation of these rules and the impact they will have on the cost and availability of mortgage lending for consumers and creditors. Of particular interest to the Committee will be recently proposed or finalized rules on the Dodd-Frank Act's ability-to-repay and Qualified Mortgage requirements, mortgage servicing, escrows, high-cost "HOEPA" loan restrictions, negative amortization, points and fees on open-end credit, appraisals, and origination disclosures. Recognizing that the foreclosure crisis continues to hold back the recovery and plague communities, the Committee will oversee efforts to encourage cooperation between government and the private sector to provide overdue relief to struggling families.

*Deposit Insurance.* The Committee will monitor the solvency of the Deposit Insurance Fund and changes to the assessments charged by the Federal Deposit Insurance Corporation (FDIC) as mandated by the Dodd-Frank Act 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.

*Bank Failures.* The Committee will examine the process the FDIC uses to supervise and, if necessary, resolve community banks and the procedures followed by the FDIC and other bank supervisors in making this determination. Some observers have noted there are inconsistencies in the application of FDIC practices as a bank moves into prompt corrective action and towards a failure. The Committee will consider the findings contained in a recent study by the United States Government Accountability Office (GAO) entitled “Modified Prompt Corrective Action Framework Would Improve Effectiveness,” and whether its recommendations should be adopted. Further, the Committee will study the costs and benefits of loss share agreements to the Deposit Insurance Fund and the American taxpayer. The Committee will also study how the FDIC’s resolution procedures, including but not limited to loss share agreements, affect access to credit for small business customers of a failed bank, as well as the findings in the GAO’s report entitled “Management Report: Opportunities for Improvements in FDIC’s Shared Loss Estimation Process.”

*Community Banks.* The Committee will review issues related to the health and growth of community banks, including their role in providing small business lending, local employment, and national economic growth. The Committee will review the impact of the Dodd-Frank Act reforms to FDIC Deposit Insurance Fund Assessments and CFPB oversight of non-depository consumer lending institutions on community bank competitiveness. The Committee will also examine the traditional lack of representation for community banks at the Department of the Treasury and the feasibility of creating an Assistant Secretary for Community Banks.

*Credit Unions.* The Committee will review issues relating to the safety and soundness and regulatory treatment of the credit union industry, including monitoring the solvency of the National Credit Union Share Insurance Fund and overseeing the activities of the National Credit Union Administration.

*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.

*Credit Scores and Credit Reports.* The Committee will continue to monitor the accuracy and completeness of information reported to and contained in consumers’ credit files, with a specific focus on their impact on the availability of consumer credit. The Committee will explore the use of credit information in making non-credit decisions such as employment and insurance purposes. In addition, the Committee will monitor the related rulemaking, supervisory, and enforcement activities of the CFPB in this area.

*Access to Financial Services.* The Committee will continue to explore ways to expand access to mainstream financial services by traditionally underserved segments of the U.S. population, particularly those without any prior banking history. The Committee will

consider the impact that the policies, rules and actions of the CFPB have on the ability of alternative providers of credit to offer their products and services.

*Payment Cards.* The Committee will continue its review of payment card industry practices, particularly those relating to marketing, fees and disclosures. The Committee will also review efforts by the CFPB to regulate credit cards and prepaid cards, and the impact such efforts have on credit availability and the cost of credit for consumers and small businesses alike.

*Community Development Financial Institutions Fund (CDFI Fund).* The Committee will continue to oversee the operations of the Community Development Financial Institutions Fund, which was created in 1994 to promote economic revitalization and community development. The Committee will examine the CDFI Fund's contributions to community revitalization and measure its impact on rural, urban, suburban, and Native American communities. The Committee will also monitor the CDFI Fund's administration of its various programs, such as the Bond Guarantee Program and the Bank Enterprise Award.

*Community Reinvestment Act (CRA).* The Committee will continue to review developments and issues related to the Community Reinvestment Act of 1977, including recommendations for updating or eliminating CRA requirements in light of changes in the financial services sector.

*Financial Literacy.* The Committee will continue its efforts to promote greater financial literacy and awareness among investors, consumers, and the general public, particularly with respect to the best methods for promoting and improving financial education among children and young adults. As part of these efforts, the Committee will evaluate the efficacy of the CFPB's Office of Financial Education and the Treasury Department's Financial Literacy and Education Commission, and will receive updates on their ongoing activities, goals, and accomplishments. The Committee will also continue to review the credit counseling industry, which provides financial education and debt management services to consumers seeking to address excessive levels of personal indebtedness.

*Discrimination in Lending.* The Committee will examine the effectiveness of Federal fair lending oversight and enforcement efforts. In particular, the Committee will monitor operations, and evaluate the efficacy of, the CFPB's Office of Fair Lending and the Justice Department's Fair Lending Program.

*Diversity in Financial Services.* The Committee will continue to monitor Federal regulators' efforts to implement the diversity requirements of the Dodd-Frank Act.

*Cyber Security and Identity Theft.* Building on the Committee's long-standing role in developing laws governing the 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 evaluate best practices for protecting the security and confidentiality of such information from any loss, unauthorized access, or misuse. The scope of this review will encompass the data security policies and protocols of the Federal agencies within the Committee's jurisdiction. The Committee will

also examine the effectiveness of current strategies being employed by the private sector and government agencies to prevent or disrupt financial crimes involving the use of the Internet, computers, or other access methods.

*Payment System Innovations/Mobile Payments.* The Committee will review government and private sector efforts to achieve greater innovations and efficiencies in the payments system. The Committee will examine payment system alternatives, including prepaid credit cards, the use of mobile devices to transfer value, web-based value-transfer systems, remote check deposit, and informal money transfer systems, businesses or networks, to determine both the efficiencies they can provide to customers, businesses and financial institutions, and their susceptibility to fraud, money laundering and terrorism financing, and other financial crimes.

*Money Laundering and the Financing of Terrorism.* The Committee will review the application and enforcement of anti-money laundering and counter-terrorist financing 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, (2) opportunities to decrease the burden of complying with these and similar statutes without impairing the operations of law enforcement, (3) the impact of these laws and regulations on immigrant communities that remit money to their countries of origin, and (4) emerging threats in the financing of terrorist activities and the use of informal methods of transferring value.

*Financial Crimes Enforcement Network (FinCEN).* The Committee will examine the operations of Financial Crimes Enforcement Network and its ongoing efforts to implement its regulatory mandates pursuant to the Bank Secrecy Act (BSA), to combat money laundering and terrorist financing activities. The Committee will examine the confidentiality of BSA reports and examine the guidance issued by FinCEN to BSA examiners to foster more uniform examination and enforcement practices, and facilitate greater understanding among regulated financial institutions of the government's use of the information contained in BSA filings. The Committee shall further review the extent to which banking regulators work in cooperation with the Department of Justice to ensure that fraudulent and criminal conduct is immediately reported. The Committee shall also review recent consent orders and other enforcement actions taken against non-compliant financial institutions and whether those actions have resulted in improved BSA, anti-money laundering, and counter-terrorist financing programs. The Committee shall further consider whether aggressive enforcement action or criminal prosecution of a "significantly important financial institution," or employees therein, would compromise the financial stability of the U.S. economy.

*Money Services Businesses (MSBs) and their Access to Banking Services.* The Committee will examine the operations of Money Services Businesses and assess the effectiveness of FinCEN and Internal Revenue Service regulation of MSBs. The Committee will examine impediments to the availability of account services to MSBs, and of FinCEN regulatory guidance to both MSBs and financial institutions that might affect the provision of such account services.

*Banking Services for Americans Living Abroad.* The Committee will examine the contentions of U.S. citizens living in foreign countries that they are being denied banking services by both U.S.-based and foreign financial institutions. The Committee will also review the extent to which certain U.S. laws have exacerbated the termination of bank accounts for U.S. citizens living abroad.

## CAPITAL MARKETS

*Securities and Exchange Commission (SEC).* The Committee will monitor all aspects of the Securities and Exchange Commission's operations, activities and initiatives to ensure that it fulfills its Congressional mandate to protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation. The Committee will carefully examine the SEC's budget request to ensure that the agency deploys its resources effectively, and will specifically review the SEC's use of and commitments made to the \$100 million "Reserve Fund" created by Section 991 of the Dodd-Frank Act. The Committee will consider the impact of separating the SEC's examination and policy functions and whether such functions should be consolidated, as well as the SEC's oversight of self-regulatory organizations (SROs) and how to improve SRO operations. The Committee will review the SEC's compliance, inspection, examination, and enforcement functions to ensure that adequate mechanisms exist to prevent and detect securities fraud and that there are suitable civil penalties available to the SEC to deter wrongdoing. As part of this review, the Committee will monitor the SEC's implementation of the reforms recommended by the SEC's Office of Inspector General resulting from the Commission's failure to detect either the Bernard Madoff or Allen Stanford Ponzi schemes. The Committee will continue to review the various reports and studies of the SEC's organizational structure and management mandated by Title IX of the Dodd-Frank Act. The Committee will also monitor and review the SEC's development of a consolidated audit trail to actively track all activity in national market systems (NMS) securities throughout the U.S. The Committee will examine the impact that sequestration could have on the SEC's ability to meet its statutory obligations.

*Capital Formation.* The Committee will examine the SEC's efforts to fulfill its Congressional mandate of facilitating capital formation. The Committee will continue to survey regulatory impediments to capital formation and seek legislative, regulatory and market-based incentives to increase access to capital, particularly for small public companies and those small companies that have recently completed or are contemplating an initial public offering as well as increasing investment opportunities for all investors while preserving investor protection.

*The JOBS Act.* The Committee will monitor the impact of the "Jumpstart Our Business Startups" or "JOBS" Act (P.L. 112-106) on the capital markets, investor protections, and the SEC's implementation of the law to ensure that the Commission fulfills Congressional intent and does not unnecessarily stifle the capital formation initiatives

included in the law or delay the promulgation and adoption of rules required for the law's successful implementation.

*Derivatives.* The Committee will continue to review the impact of Title VII of the Dodd-Frank Act on the operations, growth, transparency, and structure of the over-the-counter (OTC) derivatives market. The Committee will explore how the SEC, the Commodity Futures Trading Commission (CFTC), the prudential regulators, and the Department of Treasury are implementing the regulations mandated by the Dodd-Frank Act to govern the OTC marketplace, including how U.S. regulators are coordinating their efforts with foreign counterparts, given the global and interconnected nature of that marketplace. The Committee will closely examine how completed rules are functioning in the marketplace and consider potential legislative and regulatory solutions to clarify the law's intent without impeding regulatory oversight. The Committee will also examine proper transparency and clarity for derivatives markets, which have previously been marked by opacity. The Committee will closely monitor Dodd-Frank implementation so that the new regulations foster market efficiency, provide price transparency through the increased use of swap execution facilities and clearing organizations, and provide consumers with important market information.

*Credit Rating Agencies.* The Committee will examine the continuing role that credit rating agencies, also known as Nationally Recognized Statistical Ratings Organizations (NRSROs), play in the U.S. capital markets, the SEC's oversight of NRSROs, NRSRO compensation models, and whether NRSRO methodologies accurately reflect the risks associated with different debt instruments. The Committee will examine the impact of the Dodd-Frank Act on competition among current NRSROs, and on new and prospective NRSROs. The Committee will examine the implementation by Federal regulators of provisions found in Section 939A of the Dodd-Frank Act requiring them to establish new standards for evaluating credit-worthiness that do not include references to ratings issued by NRSROs. The Committee will also closely examine any SEC initiatives to insert the government into the assignment of ratings.

*Regulation and Oversight of Broker-Dealers and Investment Advisers.* The Committee will review the SEC's regulation and oversight of broker-dealers and investment advisers, including the SEC's consideration of proposals to impose a harmonized standard of care applicable to broker-dealers and investment advisers when providing personalized investment advice to retail customers. The Committee will also review proposals that would harmonize the frequency of examinations of broker-dealers and investment advisers. The Committee will also monitor the coordination between the SEC and the Department of Labor regarding rules governing the provision of advice related to retirement accounts.

*Equity/Option Market Structure.* The Committee will review recent developments in the U.S. equity and option markets and the SEC's response to those developments. The Committee will closely monitor the SEC's responses to ensure that the Commission follows its mandate to promote fair, orderly and efficient markets, and that any new regulations foster market efficiency, competition and innovation, and are based on economic and empirical market data. The Committee will review the growth and impact of algorithmic

trading and the impact that market structure has on retail investors, small public companies, and the impact of decimalization on market quality and capital formation.

*Corporate Governance.* The Committee will review developments and issues concerning corporate governance at public companies and the SEC's proposals that seek to modernize corporate governance practices. The Committee will examine how the Dodd-Frank Act impacts the corporate governance practices of all issuers, particularly small public companies. The Committee will also examine the services provided by proxy advisory firms to shareholders and issuers to determine whether conflicts of interest exist. The Committee will continue to monitor the effect that the Sarbanes-Oxley Act of 2002 has on the capital markets and capital formation; the impact of the permanent exemption from Section 404(b) for public companies with less than \$75 million in market capitalization; and proposals to further modify this exemption.

*Employee Compensation.* The Committee will monitor the implementation of provisions in Title IX of the Dodd-Frank Act governing the compensation practices at public companies and financial institutions.

*Securities Investor Protection Corporation (SIPC).* The Committee will review the operations, initiatives, and activities of the Securities Investor Protection Corporation, as well as the application of the Securities Investor Protection Act (SIPA). In light of SIPC's exposure to the failures of Bernard L. Madoff Investment Securities, Lehman Brothers, and MF Global, the Committee will examine SIPC's existing reserves, member broker-dealer assessments, access to private and public lines of credit, and coverage levels, as well as proposals to improve SIPC's operations and management. The Committee will also review the impact of the provisions of the Dodd-Frank Act that amend the SIPA, and the work and recommendations of the SIPC Modernization Task Force.

*Mutual Funds.* The Committee will continue to examine the state and operation of the U.S. mutual fund industry, including pending regulatory proposals by the SEC and the FSOC to reform money market mutual funds, and private sector initiatives to improve investor understanding of money market fund valuations.

*Advisers to Private Funds.* The Committee will examine the functions served by advisers to private funds in the United States financial marketplace and their interaction with investors, financial intermediaries, and public companies.

*Securitization and Risk Retention.* The Committee will monitor the joint risk retention rule-making mandated by Section 941 of the Dodd-Frank Act to ensure that the development and implementation of the risk retention rules promote sound underwriting practices without constricting the flow of credit and destabilizing an already fragile housing market, and that those rules appropriately differentiate among multiple asset classes. The Committee will focus particular attention on the joint rulemaking to define a class of qualified residential mortgages (QRM)s that will be exempt from risk retention requirements.

*Covered Bonds.* The Committee will review the potential for covered bonds to increase mortgage and broader asset class financing, improve underwriting standards, and strengthen United States financial institutions by providing a new funding source with

greater transparency, thereby fostering increased liquidity in the capital markets. The Committee will also review whether existing regulatory initiatives, including the Department of the Treasury’s Best Practices for Residential Covered Bonds—and the FDIC’s covered bond policy statement to facilitate the prudent and incremental development of the U.S. covered bond market—are sufficient to foster the creation of a covered bond market in the United States, or whether additional regulatory or legislative initiatives are necessary.

*Libor.* The Committee will assess the conditions that gave rise to the manipulation of the London Interbank Offered Rate (Libor) and the effect of that manipulation on financial markets, including the effects on consumers, businesses, financial institutions, and the financial system. The Committee will also examine whether U.S. financial regulators and supervisory authorities knew about the manipulation, and whether a more timely and aggressive intervention by these regulators might have prevented the manipulation or mitigated its effects. The Committee will continue to monitor the efforts of prudential and market regulators to address the conditions that gave rise to the manipulation of Libor as well as their efforts to create an alternative to Libor that can serve as a benchmark interest rate.

*MF Global.* As part of its continuing examination of the causes and consequences of the October 2011 collapse of MF Global, the Committee will review legislative proposals and regulatory recommendations to improve the operations and oversight of entities that are both broker-dealers and futures commission merchants.

*Municipal Securities.* The Committee will monitor the health of the United States municipal securities markets and evaluate proposals to increase transparency in that segment of the capital markets. The Committee will also examine provisions included in Titles VII and IX of the Dodd-Frank Act that are designed to strengthen municipal securities industry oversight and broaden municipal securities market protections to cover unregulated market participants and their financial transactions with municipal entities.

*Municipal Securities Rulemaking Board (MSRB).* The Committee will review the operations, initiatives and activities of the Municipal Securities Rulemaking Board. The Committee will review the changes imposed by Title IX of the Dodd-Frank Act, which altered the MSRB’s governance to include the protection of state and local government issuers, public pension plans, and others whose credit stands behind municipal bonds, in addition to protecting investors and the public interest. The Committee will also review the MSRB’s regulation of municipal advisors.

*Public Company Accounting Oversight Board (PCAOB).* The Committee will review the operations, initiatives and activities of the Public Company Accounting Oversight Board. The Committee will also monitor the PCAOB’s exercise of its new authority to register, inspect and discipline the auditors of broker-dealers, and the impact that this increased oversight may have on the PCAOB’s operations. The Committee will also review the extent to which the PCAOB’s new authority to share information with its foreign counterparts is sufficient to permit PCAOB inspectors to examine non-U.S. auditors.

*Financial Accounting Standards Board (FASB).* The Committee will review the initiatives of the Financial Accounting Standards Board and its responsiveness to all segments of the capital markets; the FASB's relationship with the SEC; and proposals to enhance Congressional oversight of the FASB. The Committee will monitor and review the FASB's specific projects, including its private company accounting standard project, to ensure that any revisions to accounting standards provide useful information to investors without disrupting the capital markets, capital formation or improperly burdening issuers and preparers.

*Government Accounting Standards Board (GASB).* The Committee will review the role of the Government Accounting Standards Board, which formulates accounting standards for the voluntary use of state and local governments that issue securities. The Committee will review the implementation of Section 978 of the Dodd-Frank Act, which directs the SEC to require the Financial Industry Regulatory Authority (FINRA) to collect fees from its members (broker-dealers and other securities professionals) and to remit such fees to the Financial Accounting Foundation, GASB's parent organization.

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

*Securities Litigation.* The Committee will examine the effectiveness of the Private Securities Litigation Reform Act of 1995 in protecting issuers from frivolous lawsuits while preserving the ability of investors to pursue legitimate actions.

*Securities Arbitration.* The Committee will examine developments in securities arbitration, including the impact of the arbitration-related provisions contained in section 921 of the Dodd-Frank Act, which provide the SEC with the authority to restrict mandatory pre-dispute arbitration, and the impact that the exercise of that authority could have on existing arbitration agreements and on issuers and investors generally.

*Business Continuity Planning.* The Committee will continue its oversight of the implementation of disaster preparedness and business continuity measures by the financial services industry, including equity and option markets and financial market utilities, and the regulatory oversight of those plans in order to minimize the disruptions to critical operations in the United States financial system resulting from natural disasters, terrorist attacks, or pandemics.

## GOVERNMENT SPONSORED ENTERPRISES

*Charter Restructuring for Government Sponsored Enterprises (GSEs).* On September 7, 2008, the Federal Housing Finance Agency (FHFA) placed Fannie Mae and Freddie Mac into conservatorship. To date, Fannie Mae has tapped \$116.1 billion and Freddie Mac has used nearly \$71.3 billion in taxpayer funds, although the GSEs have also paid the Treasury approximately \$50 billion in dividends, making the GSE conservatorship

the costliest of all the taxpayer bailouts initiated during the crisis. The cost of this bailout has raised fundamental questions about the viability of the GSEs' hybrid public-private organizational model, the market effects of their implicit-turned-explicit government guarantees, and the structure of the U.S. housing finance system. The Committee will examine proposals to modify or terminate Fannie Mae's and Freddie Mac's statutory charters, harmonize their business operations, and wind down any legacy business commitments. The Committee will also examine proposals that would allow the GSEs to repay taxpayers the funds they are owed.

*Reducing GSE Market Share.* The Committee will examine the overall size of the GSEs' footprint in various aspects of the housing finance system and ways to reduce or constrain their large market share and develop a vibrant, innovative and competitive private mortgage market. The Committee is interested in the extent to which access to affordable and safe housing finance options, including the 30-year fixed rate mortgage, can be preserved for a broad range of qualified borrowers, while preserving competition between lenders and protecting taxpayers. Areas of interest for the Committee will include the calculation of FHFA's House Price Index, the determination of the conforming loan limits in conventional and high-cost areas, the pricing of guarantee fees to reflect the risk of the mortgages purchased by the GSEs, and the size of the GSEs' retained investment portfolios.

*Federal Housing Finance Agency (FHFA).* The Committee will monitor the activities and initiatives of the Federal Housing Finance Agency, which was established in 2008 to oversee Fannie Mae, Freddie Mac and the Federal Home Loan Banks, and since September 2008 has served as Fannie Mae's and Freddie Mac's conservator. The Committee will pay particular attention to the FHFA's discharge of its duties as conservator to promote the long-term stability of the housing market and to ensure that taxpayer losses are minimized and private sector participation in the housing finance market is encouraged. The Committee will also consider the appropriate role, if any, for the Federal government in the secondary mortgage market, including the harmonization of existing GSE business operations and the development of new securitization platforms and alternative mortgage financing options.

*Federal Home Loan Bank (FHLB) System.* The Committee will monitor the capital requirements and financial stability of the Federal Home Loan Bank System, as well as the FHLB System's ability to fulfill its housing and community economic development mission and provide liquidity to the cooperative's member banks in a safe and sound manner. The Committee will pay particular attention to concerns regarding insufficient retained earnings and the quality of private label securities portfolios maintained by individual Federal Home Loan Banks.

*GSE Contracting with Non-Profits.* To ensure that the GSEs are not engaging in risky activities that undermine the conservatorships, the Committee will examine the relationships that Fannie Mae and Freddie Mac maintain with non-profit organizations that provide services, including housing counseling, to potential homeowners. The Committee will also examine whether the payments nonprofits receive for services provided

to the GSEs are appropriate; whether GSE funds provided to non-profits are used for political activities; and whether adequate procedures are in place to protect the GSEs from fraud.

*GSE Foreclosure and Loan Modification Protocols.* The Committee will review Fannie Mae's and Freddie Mac's guidance to mortgage servicers and participation in government mortgage modification programs generally to ensure that undue political influence does not result in even greater losses to taxpayers from the GSE conservatorships.

## HOUSING

*Housing and Urban Development, Rural Housing Service, and the National Reinvestment Corporation.* The Committee will review and hear testimony from the Administration on those housing agency budgets under its jurisdiction. Specifically, testimony is expected from the Department of Housing and Urban Development (HUD), the Rural Housing Service (RHS), and the National Reinvestment Corporation. HUD, which represents the most significant share of housing programs and budget authority, has experienced a steady increase in appropriations over the past decade, from \$34.34 billion in fiscal year 2002 to \$44.24 billion in fiscal year 2012. According to the Government Accountability Office, there are twenty different entities administering 160 housing programs. The Committee will review HUD's study entitled "Worst Case Housing Needs: A Report to Congress," which is designed to measure the scale of critical housing problems facing low-income and unassisted American renting households and the impact the recent recession and related joblessness has caused. Accordingly, the Committee will also review current HUD and RHS programs with the goal of identifying inefficient and duplicative programs for further review and potential streamlining.

*Federal Housing Administration (FHA).* Increased delinquencies and foreclosures across the nation have had a detrimental effect on the financial health of the Federal Housing Administration. The most recent actuarial report for fiscal year 2012, released in November, found that the FHA's insurance fund's economic value was negative \$16.3 billion, which is the projected amount the FHA would lose if it stopped insuring new mortgages and covered its projected losses for the next 30 years. The FHA is thus vulnerable to further defaults. To cover these defaults, the FHA may resort to its "permanent indefinite authority" to draw funds directly from the U.S. Treasury to pay unexpected increases in insurance claims. Because the FHA guarantees 100 percent of the loan amount on the mortgages it insures and is ultimately backed by the Federal government, a large number of defaults could result in significant losses to the FHA, and those losses may ultimately be borne by taxpayers. The Committee will examine the appropriate role for FHA in the mortgage finance system, how to encourage more robust private sector participation, and the ability of the FHA to continue to take steps to manage its mortgage portfolio and mitigate its risk.

*Foreclosure Mitigation.* The Committee will continue to monitor the performance of the Obama Administration's various foreclosure mitigation initiatives, which have fallen far short of their stated objectives and been the subject of repeated criticism by government watchdog agencies, including the Special Inspector General for TARP. The Committee's review will encompass the implementation of a 2011 consent order between Federal banking regulators and certain mortgage servicers and affiliates, which required these firms to identify and compensate homeowners who may have been harmed by irregularities in the foreclosure process.

*Veterans' Housing.* The Committee will continue to monitor and promote coordination between HUD and other agencies in their work to address veterans' housing issues. The Department of Veterans' Affairs (VA) estimates that our nation has 22.2 million veterans; 2.7 million are elderly veterans and 4.3 million veteran homeowners have disabilities. Furthermore, HUD and VA estimate that there are between 76,329 and 144,842 homeless veterans in the U.S. Thus, the Committee will continue oversight of the HUD-Veterans' Affairs Supportive Housing (HUD-VASH) program that combines rental assistance with case management and clinical services provided by the VA to prevent homelessness amongst veterans. In addition, the Committee will also continue its focus on other matters, such as home modifications for disabled veterans, to ensure that all veterans have fair and equal housing opportunities.

*Fair Housing.* The Committee will continue to promote fair housing practices and ensure that the principles of the Fair Housing Act of 1968 are upheld and that consumers are not receiving adverse treatment based on their race, color, religion, sex, familial status, disability, or national origin in rentals, real estate sales, and lending practices. According to HUD, 27,092 housing discrimination complaints were reported in 2011. The Committee will continue monitoring whether unfair practices in housing occur and HUD's enforcement of the law.

*Section 8 Housing Choice Voucher Program and Affordable Housing.* The Committee will continue its effort to address HUD's largest rental assistance program and the government's role in the future of affordable rental housing. The Committee will review the rising costs of the Section 8 program, as funding for the Section 8 program continues to increase and consume the bulk of HUD's discretionary budget. Funding for the Section 8 program in fiscal year 2012 was \$27.60 billion, representing a 62 percent share of the entire HUD FY 2012 budget. The Committee will review whether the rental assistance program met its program objectives in a manner that leverages taxpayer investments in affordable housing without duplicating successful private-sector initiatives.

*Rural Housing Service (RHS).* The Committee will review the mission, organization and operations of the Rural Housing Service, a Federal agency which provides affordable housing for low-to-moderate income rural families. Eligible communities are determined after each decennial census. According to the 2010 census findings, 933 communities, including 486 communities grandfathered between 10 and 29 years ago, will no longer be eligible for housing programs under the RHS after March 27, 2013. The Committee will review the 2010 census findings to ascertain their impact on meeting rural housing needs.

*Reauthorization of the Native American Housing Assistance and Self-Determination Act (NAHASDA).* As the Committee considers the statutory authorization for NAHASDA, which expires on October 1, 2013, the Committee will examine the need for better infrastructure and services, accountability for the use of the program, and HUD's administration of NAHASDA funds. The fiscal year 2012 budget included \$650 million for the program. As of January 1, 2013, the program had a \$979.7 million obligated unexpended balance. The Committee also will review the effectiveness of NAHASDA, the reasons for the backlog of unspent funds, and whether the program is meeting its objectives.

*Community Development Block Grant (CDBG).* The Community Development Block Grant program provides Federal funds to cities and localities to help them address housing and community development. The CDBG program operates like a revenue sharing program for the states and localities. CDBG funds are allocated by a formula through which 70 percent of the funds are directed to entitlement communities, which are central cities of metropolitan areas, cities with populations of at least 50,000, and urban counties. The remaining 30 percent is directed to states for use in small, non-entitlement communities. The fiscal year 2012 budget included \$3.308 billion for the program. The Committee will consider ways to make the CDBG program more effective and targeted towards extremely low-income communities. In addition, the Committee will review the eligible activities and oversight and administration of the program with the aim of ensuring that funds are used in an appropriate manner.

*HOME Investment Partnerships Program (HOME).* The Committee will continue to monitor the HOME Investment Partnerships Program, which provides grants to states and localities to fund affordable housing projects. States and localities can use HOME funds to finance home purchases and build or rehabilitate housing, which can then be rented or sold. In the 112<sup>th</sup> Congress, the Committee conducted oversight hearings on the efficacy of the HOME program and whether its objectives were being met.

## INSURANCE

*National Flood Insurance Program (NFIP).* The Committee will monitor the implementation of the Biggert-Waters Flood Insurance Reform Act of 2012 (P.L. 112-141), paying particular attention to the reforms that encourage more private sector participation in the flood insurance market. The Committee will also review and consider further reforms to the National Flood Insurance Program with the goal of ending taxpayer bailouts of the program and possibly transitioning to a private, innovative, competitive and sustainable flood insurance market. Since 2006, the GAO has designated the NFIP as a high-risk program because of its potential to incur billions in dollars in losses and because the program faces serious financial, structural, and managerial challenges. Due to extraordinary losses incurred following the hurricanes in 2005 and Superstorm Sandy in 2012, the program carries a debt of well over \$20 billion as of January 1, 2013.

*Terrorism Risk Insurance Program.* The Committee will monitor the Terrorism Risk Insurance Program, which expires on December 31, 2014, for its ongoing impact on economic development and the private terrorism insurance marketplace. The Committee will examine the private sector's capacity to assess and price for terrorism risk and consider whether to reauthorize the Terrorism Risk Insurance Program as well as proposals that would reduce the potential Federal exposure and participation in the Terrorism Risk Insurance Program.

*Federal Insurance Office (FIO).* The Committee will monitor the Federal Insurance Office, which was created by the Dodd-Frank Act to provide the Federal government with information and expertise in insurance matters. The FIO has repeatedly missed multiple statutory deadlines imposed by the Dodd-Frank Act for reports to Congress on (1) the insurance industry, in general; (2) the breadth and scope of the global reinsurance market; (3) the ability of state regulators to access reinsurance information; and (4) recommendations to modernize and improve the system of insurance regulation in the United States. The Committee urges the FIO to submit these long overdue reports without further delay. The Committee will work to ensure that the FIO is focused on developing expertise on insurance matters and does not impose unwarranted or excessive data collection burdens on the insurance sector or on small insurers in particular. The Committee will also monitor implementation of the FIO's authority to coordinate policy and represent the U.S. on international insurance issues, paying particular attention to FIO's role in addressing a number of substantive and procedural concerns surrounding the International Association of Insurance Supervisors' methodology for designating global systemically important insurers.

*Impact of Dodd-Frank Act Implementation on the Insurance Sector.* The Committee will monitor implementation of various provisions in the Dodd-Frank Act for their potential impact on the insurance sector—including but not limited to the FSOC, the Orderly Liquidation Authority, the OFR, and the CFPB, as well as new restrictions on proprietary trading and investments (Volcker Rule) and revised capital standards for bank and thrift holding companies (the Collins Amendment)—to ensure that new regulations do not impose unwarranted or excessive burdens on the insurance sector that might result in higher costs for individuals or businesses that purchase insurance products and services or result in unintended consequences for U.S. economic competitiveness and job creation.

## MONETARY POLICY AND TRADE

*The Economy and Jobs.* In light of efforts to stimulate the economy through increased Federal spending and accommodative Federal Reserve policies, the Committee will examine the extent to which current government policies may have blurred the line between monetary and fiscal policy. The Committee will examine the effectiveness and consequences of the extraordinary measures undertaken by the Federal Reserve on economic growth and employment and also will examine the effects of mounting Federal

debt and annual Federal budget deficits on economic recovery and the country's long-term economic health.

*Conduct of Monetary Policy by the Board of Governors of the Federal Reserve System.* The Committee will thoroughly examine the process by which the Federal Reserve sets and executes its monetary policy goals, while respecting the independence of the Federal Reserve's decision-making. The Committee will review the recent history of monetary policy decisions and examine the Federal Reserve's plan for removing excess liquidity from the economy after recovery is firmly established to prevent inflation. The Committee will examine the quality of economic data the Federal Reserve uses to make its decisions, the accuracy and utility of the Federal Reserve's econometric models, and the effect of the Federal Reserve's legislative mandates on its decisions. The Committee seeks to ensure that the Federal Reserve's monetary policy decisions are based on the best data and models, and that it successfully executes open market operations to reach its goals. As part of this review, the Committee will hold hearings to receive the semi-annual reports on the conduct of monetary policy and the state of the economy from the Chairman of the Board of Governors of the Federal Reserve System. The Committee will examine the extent to which Federal Reserve policy is conducted in a manner that effectively promotes its statutory mandate to pursue maximum employment, stable prices, and moderate long-term interest rates, taking into account long- and short-term effects. This will include evaluating the effectiveness and consequences of the extraordinary measures undertaken by the Federal Reserve on economic growth and employment.

*General Oversight of the Federal Reserve System.* The Committee will conduct oversight of the operations of the Federal Reserve Board of Governors and the Federal Reserve System, including management structure, organizational changes mandated by the Dodd-Frank Act, and the role of the Federal Reserve in the supervision of systemically significant banks and non-bank financial institutions. As part of this review, the Committee will hold statutorily required semi-annual hearings to receive testimony from the Federal Reserve's Vice Chairman for Supervision, a position created by Section 1108 of the Dodd-Frank Act that the Obama Administration has not yet filled.

*Defense Production Act.* The Committee will continue to monitor the effectiveness of the Defense Production Act, the statutory authorization for which expires in 2014, and its individual authorities in promoting national security and recovery from natural disasters.

*Committee on Foreign Investment in the United States (CFIUS).* The Committee will continue to monitor the implementation of the Foreign Investment and National Security Act of 2007, which reformed the Committee on Foreign Investment in the United States . The Committee will seek to ensure that CFIUS fulfills its statutory mandate to identify and address those foreign investments that pose legitimate threats to national security. 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 proceed expeditiously while those that pose a threat are either remediated or rejected.

*Coins and Currency.* The Committee will conduct oversight of the printing and minting of U.S. currency and coins, and of the operation of programs administered by the U.S. Mint for producing congressionally authorized commemorative coins, bullion coins for investors, and Congressional gold medals. The Committee also will examine the Federal Reserve's methods for circulating and re-circulating coins and currency, proposals to reduce the cost of minting coins, and 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, and will examine the counterfeiting of rare or investment-grade coins, U.S.-made and otherwise.

*Economic Sanctions.* The Committee will monitor the implementation of sanctions against rogue nations, with particular attention to the enhanced sanctions against Iran and Syria passed during the 112<sup>th</sup> Congress. Particular focus will be placed on whether financial services-related aspects of these laws have been executed in accordance with congressional intent, and what the impact of such policies has been. This review will encompass the activities of the Treasury Department's Office of Foreign Assets Control in administering the economic sanctions regime.

*Job Creation and U.S. Competitiveness.* The Committee will examine United States international monetary and trade policies with an eye toward ensuring that those policies support the ability of U.S. companies to be competitive in the international marketplace, thereby promoting domestic job creation and economic opportunity, and advancing an open rules-based global trading system.

*Annual Report and Testimony by the Secretary of the Treasury on International Monetary Fund Reform and the State of the International Financial System.* The Committee will review and assess the statutorily required annual report to Congress by the Secretary of the Treasury on the state of the international financial system and the International Monetary Fund (IMF). Section 613 of the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999 (P.L. 105-277) requires the Secretary to report on (1) progress made in reforming the IMF; (2) the status of efforts to reform the international financial system; (3) compliance by borrower countries with the terms and conditions of IMF assistance; and (4) the status of implementation of anti-money laundering and counterterrorism financing standards by the IMF, the multilateral development banks, and other multilateral financial policymaking bodies.

*International Monetary Fund (IMF).* The Committee will consider the policies of the International Monetary Fund to ensure effective use of resources and appropriate alignment with U.S. interests in promoting economic growth and stability. The Committee will also review any Administration request that the U.S. transfer funds at the IMF from the New Arrangements to Borrow to the general quota fund. During review of any such request, the Committee will assess the purpose of the transfer and potential risks or benefits the transfer might pose as well as possible consequences to the stability of the international financial system and U.S. economic interests if the pending quota package is not approved. In examining such authorization requests, the Committee will review any reforms the IMF has agreed to make concurrent with the transfer.

*U.S. Oversight over the Multilateral Development Banks (MDBs) and Possible U.S. Contributions.* The Committee will consider any Administration request that the U.S. contribute to the replenishment of the concessional lending windows at the World Bank, the African Development Bank, and the Asian Development Bank, which provide grants and below market-rate financing to the world's poorest nations. In considering any such request, the Committee will assess the effectiveness of these lending facilities in achieving economic development and promoting global economic stability. In addition, the Committee will consider the policies of the MDBs to ensure effective use of resources and proper alignment with U.S. interests in promoting economic growth and stability.

*Export-Import Bank of the United States (Ex-Im Bank).* The Export-Import Bank is chartered by Congress to contribute to the employment of U.S. workers through financing exports of U.S. manufactured goods and services. The charter under which the Ex-Im Bank operates expires September 30, 2014, and the Committee will therefore consider the Bank's reauthorization. The Ex-Im Bank has been a self-sustaining agency funded by the income it receives through its financing programs. The Committee will examine the Ex-Im Bank's policies and programs to ensure the continuing fiscal soundness of the Bank. The Committee will also consider how the Bank can ensure it is not crowding out private sector involvement in export financing, especially financing for public companies, but will also review whether the current authorization is sufficient to support the global competitiveness of U.S. companies, small and large, particularly given the continuing difficulty companies have in accessing credit. Also, the Committee will continue to review the implementation of the Congressional mandates established in the Export-Import Bank Reauthorization Act of 2012.

*World Bank Safeguards Review.* The Committee will continue to monitor the World Bank's ongoing review and update of its safeguard policies to ensure that the Bank's safeguards and related standards reflect best practices as well as international standards and norms, preserve the Bank's responsibility to ensure project-program compliance, and continue to promote sustainable economic growth and social cohesion.

*International Trade.* The Committee recognizes that American jobs are supported by U.S. exports, U.S. companies operating abroad, and foreign firms operating in the United States. The Committee will oversee existing trade programs and consider policies within the Committee's jurisdiction to promote U.S. international trade so that American companies are globally competitive. The Committee will oversee the progress of the National Export Initiative and other Administration proposals to increase U.S. exports and create jobs in the United States. The Committee will remain active in the oversight of trade negotiations as they relate to the global competitiveness of the American financial services sector, to ensure such agreements improve access to foreign markets, increase trade opportunities for American businesses, and create jobs domestically.

*Market Access.* The Committee will assess opportunities to expand market access for U.S. companies and the financial services sector, and to promote policies that can bring about reciprocal market access with developing nations that currently limit or prevent U.S. firms from entering and operating within their national borders. In particular, the

Committee will examine market access issues with regard to nations with which the U.S. has entered into free trade agreements.

*China.* The Committee will monitor the implications of China's economic growth and policies on the U.S. and global economy. As China's economy and global reach expand, the degree to which it adopts responsible policies and practices that do not distort markets or unfairly disadvantage its trading partners will be examined.

*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 Act of 1988.

*Global Capital Flows.* The Committee will monitor the flow of capital globally. The buildup of large currency reserves in certain nations can lead to imbalances in capital allocations and asset bubbles that threaten global economic stability. The Committee will assess the implications of the investment of these reserves on the world economy.

*Eurozone Distress.* The Committee will monitor the economic distress in the Eurozone, which stems from unsustainable levels of sovereign debt, problems in the banking sector and slow growth in Europe. Because the European Union (EU) is a major trading and investment partner of the U.S. and many other countries, the EU's fiscal health has implications beyond the continent's borders. Consequently, the Committee will examine actions taken by the IMF, the EU and other nations to address the sovereign debt issues in the Eurozone. The Committee will also explore how best to protect U.S. interests while also ensuring that taxpayer dollars are not used to bail out foreign governments, thereby further enabling reckless fiscal policies.

*Haiti.* Just as the United States economy is burdened by excessive debt from current and previous Administrations, Haiti is also burdened with excessive amounts of debt. Despite extensive U.S. and multilateral debt relief, Haiti's debt to non-Paris Club members, including Venezuela and China, has sharply increased in recent years, leading the IMF to rate Haiti's risk of debt distress as high. This debt burden exacerbates one of the worst cases of human misery in the hemisphere. The Committee will continue to closely monitor the efficacy of U.S. and multilateral institution efforts to improve the human condition in Haiti, including the impact of the Inter-American Development Bank's (IDB) annual transfers to the Haiti grant facility and the role of the IDB in its privileged position as a long-term development partner in Haiti.

*Extractive Industries and Conflict Materials.* The Committee will monitor the implementation of provisions in title XV of the Dodd-Frank Act imposing new disclosure requirements relating to so-called conflict minerals and extractive industries, to ensure that the provisions do not cause undue harm to intended beneficiaries. The Committee will also work to ensure that unnecessary compliance burdens for U.S. firms are minimized.

#### CLAUSE 2(d)(1)(F) of RULE X of the HOUSE ON PROPOSED CUTS

Clause 2(d)(1)(F) of rule X of the Rules of the House of Representatives for the 112<sup>th</sup> Congress requires each standing committee to include in its oversight plan proposals to cut

or eliminate programs, including mandatory spending programs, that are inefficient, duplicative, outdated, or more appropriately administered by State or local governments.

The unsustainable Federal deficit caused by unchecked spending remains the most daunting challenge facing the U.S. economy. The deficit has created uncertainty among families, investors, and small business owners who do not know whether the value of saving and investment undertaken today will be eroded through inflation and higher taxes in the years ahead resulting from ever-increasing Federal deficits. According to the Congressional Budget Office's most recent budget estimate, the fiscal 2013 Federal deficit is projected to be \$845 billion and, absent a change in current policy, Federal debt held by the public will reach 76 percent of GDP by the end of this fiscal year, the largest percentage since 1950. Plainly, the nation's current fiscal path is unsustainable. Only by making the difficult choices that are necessary to put the nation's fiscal house in order can the 113<sup>th</sup> Congress lay the groundwork for ensuring America's prosperity for future generations.

The following are Federal programs under the jurisdiction of the Committee on Financial Services that will be reviewed for possible cuts, elimination, or consolidation into other Federal programs.

*Native American Housing Assistance and Self-Determination Act (NAHASDA).* The Native American Housing Assistance and Self Determination Act is composed of a (1) block grant program and (2) loan guarantee program. Under the block grant program, funds are made available under a formula to Federally-recognized Native American tribal governments for housing and infrastructure development. The FY 2012 funding for the NAHASDA block grant program was \$650 million. However, the obligated unexpended balance, meaning the portion of the funds disbursed by HUD to the grantee but not yet spent by that grantee, totals approximately \$979.7 million, representing significantly more than the annual appropriation. The Committee will review the causes and sources of the obligated unexpended balance and explore the possibility of adjusting the program to make it more efficient, providing needed housing infrastructure development to those Native American communities that exhibit the capacity and need to utilize such funds.

*Community Development Block Grant (CDBG).* The Community Development Block Grant program provides Federal funds to cities and localities to help them address housing and community development. The CDBG program operates like a revenue sharing program for the states and localities. CDBG funds are allocated by a formula through which 70 percent of the funds are directed to entitlement communities, which are central cities of metropolitan areas, cities with populations of at least 50,000, and urban counties. The remaining 30 percent is directed to states for use in small, non-entitlement communities. The fiscal year 2012 budget included \$3.308 billion for the program. The Committee will consider changes in the current distribution of CDBG formula funds to target extremely low-income communities. In addition, the Committee will review the eligible activities and oversight and administration of the program with the aim of ensuring that funds are used in an appropriate manner and with the express purpose of making the program more cost-effective.

*Making Home Affordable Programs.* On February 18, 2009, President Obama announced a three-part Making Home Affordable Program, with the stated goal of helping 9 million borrowers at risk of foreclosure or seeking to refinance high-cost mortgages. The plan included (1) a refinancing program for mortgages owned by Fannie Mae or Freddie Mac (known as the *Home Affordable Refinance* plan); (2) a \$75 billion loan modification program (known as the *Home Affordable Modification Program* (HAMP)); and (3) a commitment of \$200 billion to purchase Fannie and Freddie preferred stock. Funding for the modification plan is derived from the Troubled Asset Relief Program (TARP) and the Government Sponsored Enterprises (GSEs), and the GSE preferred stock purchases drew from funds authorized by the Housing and Economic Recovery Act of 2008 (HERA) (P.L. 110–289). HAMP has not met the goals set for it, and has failed to help a sufficient number of distressed homeowners to justify the program's cost. Accordingly, the Committee recommends rescinding unspent and unobligated balances currently committed to these programs.

*Choice Neighborhoods.* The Choice Neighborhoods Program was established to transform, rehabilitate and replace both public and HUD-assisted housing units. Suggested as a replacement for the inefficient and often ineffective HOPE VI program, the Obama Administration created this new Federal program to provide additional grants to local governments, assisted housing owners, community development corporations, and non-profit entities. The Committee is concerned that this new government program will suffer the same problems as the HOPE VI program, which has millions of dollars in unexpended balances. Given that this program was funded at \$120 million for FY 2012 and has yet to be authorized, the Committee recommends rescinding unspent and unobligated balances currently committed to this program.

*FHA Short Refinance Program.* On March 26, 2010, the Obama Administration announced a new FHA Short Refinance Program for underwater homeowners. Treasury indicated that the program would be funded with \$8 billion in TARP funds that had originally been set aside for HAMP. The program was implemented on September 7, 2010, and will continue until December 31, 2014. Over the course of two and half years, FHA has helped only 1,300 borrowers through this program. Rather than diverting scarce resources for another ineffective foreclosure mitigation program, the Committee recommends that the program be discontinued.