

**Committee on Banking, Housing, and Urban Affairs  
Nominations Hearing  
April 18, 2023**

**Questions for Dr. Ron Borzekowski, of Maryland, to be Director of Financial Research,  
Department of the Treasury, from Chairman Sherrod Brown:**

1. Where have you excelled in past positions in attracting, hiring, and promoting people of color in positions in your organization/s? Where might there be room for improvement?
  - **Answer: Creating and maintaining a diverse and inclusive research organization is a critical priority and this was my focus at both the Consumer Financial Protection Bureau and in my other roles. The most recent Report of the Committee on the Status of Minority Groups in the Economics Profession documents very limited representation for minority groups in the profession, and the need for improvement at all career stages. If I am privileged enough to be confirmed, I would be committed to working toward just such improvement and the broader goals of diversity, equity, and inclusion at the OFR.**
  
2. What specific measures will you use to evaluate the success of OFR in understanding and addressing the needs of Black, Indigenous and people of color (BIPOC)? And, will you work with the Secretary to keep Congress apprised, as appropriate, on the progress being made on these measures?
  - **Answer: Success will require consistent attention and effort at each stage, from recruiting, to hiring, to promotion. If confirmed, I will work to ensure that the OFR has processes aimed at building a diverse workforce and the necessary metrics to ensure the Office has the data necessary to measure performance. If confirmed, I look forward to working with the Secretary and this Committee to share our progress, as appropriate, on these measures, and would also welcome the opportunity to collaborate with you on this very important issue.**
  
3. What is your plan for creating an inclusive working environment for employees within your office?
  - **Answer: My view is that the most successful organizations encourage and welcome the input of staff throughout the entire organization. In particular, I believe it is critical for individuals in positions of public trust to actively ensure that input is gathered, welcomed, and respected, from employees from marginalized groups and communities. In doing so, it is important to ensure these values are held at all levels of the organization and to evaluate whether the policies and processes in place allow for that open exchange. It is critical that the environment provide equal opportunities for the professional growth and advancement of BIPOC.**

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**Questions for Dr. Ron Borzekowski, of Maryland, to be Director of Financial Research,  
Department of the Treasury, from Ranking Member Tim Scott:**

1. What should be done to improve transparency within the Office of Financial Research (OFR) and the Financial Stability Oversight Counsel (FSOC)?
  - **Answer: Transparency is a hallmark of good government, and I support efforts by the FSOC and OFR to provide clarity to the public regarding their activities. As you know, it has been several years since I was directly involved with the FSOC or the OFR. If confirmed, I will consider the OFR’s existing practices related to transparency and explore if and where opportunities exist in this area. If confirmed, I would welcome the opportunity to collaborate with you on this very important issue.**
  
2. Should OFR be subject to appropriations in order to provide more transparency and accountability to Congress?
  - **Answer: Congress established the OFR with its current financing structure and accountability mechanisms, including responsibilities regarding reporting. If I am privileged enough to be confirmed, I will fully abide those responsibilities.**
  
3. On March 31, 2023, Treasury Secretary Janet Yellen gave a speech about systemic risk. Among other things, she indicated that FSOC plans to be more active on both bank and nonbank issues. Further, she stated that FSOC plans to accelerate hiring in the coming months.
  - a. If confirmed, do you commit to maintaining an objective perspective of OFR and FSOC’s staffing and budget levels? If no, please explain.
    - **Answer: Yes.**
  
  - b. If confirmed, do you commit to insulating yourself from political pressure to increase the staffing and budget levels? If no, please explain.
    - **Answer: The Dodd-Frank Act states that “[t]he Director, in consultation with the [Secretary of the Treasury], may fix the number of, and appoint and direct, all employees of the Office.” If confirmed, I intend to ensure that the OFR’s staffing and budget levels are tailored to meet the mission of the office as Congress set forth.**
  
  - c. Could the appropriate budget and staffing levels objectively be less than what they currently are? If no, please explain.

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- **Answer: Because I am not currently employed by the OFR or Treasury, I am not in a position to express a view on whether the OFR’s current budget and staffing levels are appropriate. If confirmed, I intend to ensure the staffing and budget levels are tailored to meet the mission of the office as Congress set forth.**
4. As you are aware, OFR’s statutory mandate is, broadly, to fill so-called gaps in regulators’ current view of financial market risk. OFR has the authority to issue subpoenas to do so, but only for data deemed necessary and not available from another regulator. This authority has not been utilized since OFR was established by the Dodd-Frank.
- a. When, if ever, would it be appropriate for the OFR to use this authority to acquire data from a financial institution?
    - **Answer: Congress, as you note, has given the OFR Director the responsibility and authority to collect data “from member agencies, commercial data providers, publicly available data sources, and financial entities,” and possibly under subpoena “upon a written finding .... [t]hat such data is required to carry out the functions [of the Office]” and that “the Office has coordinated with the relevant primary financial regulator.” If confirmed, I would abide by these requirements.**
5. On July 28, 2022, OFR announced the launch of its Climate Data and Analytics Hub pilot “to help assess and identify climate-related financial risks to financial stability.”
- a. Has a financial institution ever failed due to a climate or weather-related event? If yes, please explain your reasoning.
  - b. Are climate or weather-related events a systemic risk? If yes, please explain.
  - c. How exactly does climate or weather-related events affect financial stability?
  - d. In recent years, has OFR diverted from its core mission of focusing on actual risks to the financial system, such as the level of uninsured deposits, by focusing too much time and resources to theoretical risks to the financial system like climate change? If no, please explain.
    - **Answer: Significant claims on liabilities and/or losses to assets can endanger a financial institution and if widespread, or through paths of contagion, impact the stability of the financial system. Given the likelihood of such losses in the coming years from climate and weather-related events, it is prudent for the regulatory community to monitor and**

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**assess the potential direct and indirect effects of those risks. The OFR is well positioned to gather and maintain the necessary data and resources to ensure that these efforts are effective and efficient.**

6. On December 16, 2022, CFPB Director Rohit Chopra issued a statement regarding the 2022 Annual Report. In the statement, Director Chopra recommends that FSOC should coordinate with OFR to close a perceived data gap on family offices. It has been rumored that Director Chopra is the only FSOC member supporting such an initiative.
  - a. Do you agree that OFR initiatives should not be driven by a single member of FSOC and only with an overwhelming majority support from FSOC members?
    - **Answer: I believe that the OFR’s initiatives should be driven by the Office’s duty to support the FSOC as laid out in the Dodd-Frank Act, including collecting data on behalf of FSOC, standardizing the types and formats of data reported and collected, and performing applied research. The OFR’s research agenda should be driven by substantive, rigorous, and objective analysis.**
  - b. If confirmed, do you commit to insulating yourself from political pressure from a particular FSOC member in setting OFR’s agenda?
    - **Answer: If confirmed, I would be committed to maintaining the OFR’s independence from political pressure.**
7. What goals do you have for OFR if you are confirmed?
  - **Answer: If confirmed, my priorities will be focused on ensuring that OFR fully serves the needs of the FSOC and others in identifying and understanding emerging risks. Risks to the economy are always evolving and OFR needs, as an organization, to balance the capacity for deep analyses with the agility to address evolving risks. The OFR’s research and analysis agenda should be driven by substantive, rigorous analyses, not politics. My initial ‘Day 1’ focus will be to understand the state of data collections and research at the OFR; and, in particular, I will seek to make sure that I understand the technology and the related processes that ensure the security of the data at OFR. Going forward I would work to make sure the entire organization, and in particular, the Research Center continues to retain and hire top-notch employees and that they are working on the most impactful and useful activities.**
8. Have you received any directives from the White House regarding any initiatives or other actions that you should undertake at OFR if confirmed? If yes, please describe.

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- **Answer: No.**
9. Please provide your philosophy on how you will approach and respond to Congressional information requests (both for documentary information and oral testimony) if you are confirmed.
- **Answer: I believe in the importance of legislative oversight of Executive Branch agencies. Similarly, I believe that it is important for agencies to be responsive to requests from Congress consistent with the applicable constitutional and statutory obligations of the Executive Branch.**
10. If confirmed, do you intend to respond to information requests differently depending on who is making the Congressional information request (whether it's the chair of the Congressional committee, the ranking member, or another member of Congress)? If yes, please explain.
- **Answer: If confirmed, I will respond to requests for information consistent with the constitutional and statutory obligations of the Executive Branch. The factors that I would consider when evaluating an information request would generally include the form of the request, the nature and scope of the information sought, and any applicable laws or Treasury policies.**
11. Will you commit that, if confirmed, you will timely respond to and fully comply with all information requests from me? Please answer "yes" or "no." If no, please explain.
- **Answer: If confirmed, I will respond to information requests from members of Congress, including the Ranking Member of the Committee on Banking, Housing, and Urban Affairs, consistent with the constitutional and statutory obligations of the Executive Branch and any applicable laws or Treasury policies.**
12. Will you commit that, if confirmed, you will make yourself and any other OFR employee expeditiously available to provide oral testimony (including but not limited to briefings, hearings, and transcribed interviews) to the Committee on any matter within its jurisdiction, upon the request of either the Chairman or Ranking Member? Please answer "yes" or "no." If no, please explain why.
- **Answer: If confirmed, I would make all reasonable efforts to respond to requests for information for matters relevant to the oversight responsibilities of the Committee on Banking, Housing, and Urban Affairs, consistent with the constitutional and statutory obligations of the Executive Branch and any applicable laws or Treasury policies.**

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**Questions for Dr. Ron Borzekowski, of Maryland, to be Director of Financial Research, Department of the Treasury, from Senator Catherine Cortez Masto:**

1. How do you recommend the Office of Financial Research review and synthesize reports from the Federal Reserve, FDIC, California and New York financial regulators, and The Securities and Exchange Commission regarding Silicon Valley Bank's and Signature Bank's failures?
  - **Answer: The recent failures at Silicon Valley Bank and Signature Bank raised many concerns and are worthy of the various studies now under way. It will be important for the regulatory community and other stakeholders to consider carefully the agencies' findings and to consider potential policy responses. If there is an appropriate role for OFR to play in reviewing those reports and contributing to the analyses regarding these banks' failures, I would support that effort.**
  
2. How can the Office of Research learn from the recent bank failures to provide guidance and data to highlight and prevent future banking sector risks?
  - **Answer: While every crisis is different, gathering the relevant facts and results from each episode helps build a factual basis, regarding both the causes of the crisis and the effects of any responses, to inform future monitoring and research. In light of the recent bank failures, it may be worthwhile for the OFR to consider developments in the banking industry concerning the impact of technology on depositor behavior and changes in funding patterns such as uninsured deposits.**

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**Questions for Dr. Ron Borzekowski, of Maryland, to be Director of Financial Research,  
Department of the Treasury, from Senator Mike Rounds:**

Dr. Borzekowski, if confirmed as the Director of the Financial Research at Treasury, you will be responsible for supporting the Financial Stability Oversight Council or FSOC with research and analysis – including identifying risks to financial stability. The Council itself does not monitor the financial system, but relies on OFR. As you know, a responsibility of the FSOC is to designate nonbank financial firms as systemically important. In 2019, the FSOC unanimously voted to implement an activities-based approach for identifying and addressing potential risks to financial stability.

1. Over the past four years we have gone through market turmoil from a global pandemic as well as a banking crisis, do you believe the activities-based approach has been effective? If not, please provide the specific examples you are referencing.

- **Answer: To mitigate risks to financial stability, Congress has granted the Council a number of different authorities. For example, the Council may respond to a risk to financial stability by encouraging information sharing or collaboration among regulators; it may make formal or informal recommendations to primary regulatory agencies including for new or heightened standards and safeguards for a financial activity; and it may designate nonbank financial companies for Federal Reserve supervision and prudential standards. The OFR plays an important role in providing the FSOC with the necessary data and analyses to identify, assess, and address risks.**

**The experience from the pandemic, as well as the recent developments in the banking sector, illustrate the continued potential for emerging risks to create dislocations in financial markets and economic harms. Further, while the financial system is stronger than it was before the 2007-09 financial crisis, the need for federal interventions over the last several years indicate that more work remains to be done. While the OFR director has neither direct authority in this area nor a vote on the Council, I will support the FSOC with any requested data and analyses needed to make careful and robust determinations to use its authorities.**

2. Dodd Frank statutorily requires the FSOC to consider 11 factors when determining whether to designate a firm as a SIFI. In the event of ever designating an entity, do you commit to considering all of the 11 statutorily required factors in Dodd Frank before designating?

- **Answer: The OFR director is not a voting member of the Council, including with respect to any votes on whether to designate a nonbank financial company.**

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**However, I would encourage Council members to take into account all  
statutorily required factors in any designation decision.**



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**Questions for Dr. Ron Borzekowski, of Maryland, to be Director of Financial Research, Department of the Treasury, from Senator Thom Tillis:**

1. Do you believe that, prior to making any private sector request for information, the OFR has a duty to exhaust all publicly available data, including data that may be available through other federal regulators?
  - **Answer: I believe it is important to take reasonable actions to minimize burdens on financial companies related to data collections. The Dodd-Frank Act provides that before requiring the submission of a report from any financial company that is regulated by a Council member agency, any primary financial regulatory agency, or a foreign supervisory authority, the OFR must coordinate with such agencies or authority, and must, whenever possible, rely on information available from such agencies or authority. If confirmed, I would fully comply with this requirement.**
  
2. Do you believe OFR's subpoena power should be used in anything but the most extreme circumstances? Please explain the circumstances by which this might arise and the process and standards that you would apply in retrieving information subject to a subpoena.
  - **Answer: Congress, as you note, has given then the Director the responsibility and authority to collect data "from member agencies, commercial data providers, publicly available data sources, and financial entities," possibly under subpoena "upon a written finding .... [t]hat such data is required to carry out the functions [of the Office]" and that "the Office has coordinated with the relevant primary financial regulator." It is my intention to abide by these requirements. Because I am not currently employed by the OFR or Treasury, I am not in a position to provide information regarding any processes that may be in place related to use of the subpoena authority.**
  
3. Are there any particular industries or sectors where you believe there's insufficient publicly available data, and if so, which ones? Please explain in detail.
  - **Answer: As you know, it has been several years since I was directly involved with the FSOC or the OFR. If confirmed, I will review the existing data assets at the OFR along with potentially available public data to determine what material gaps may exist.**

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**Questions for Dr. Ron Borzekowski, of Maryland, to be Director of Financial Research, Department of the Treasury, from Senator J.D. Vance:**

1. Given your time at the Financial Crisis Inquiry Commission, you would bring a unique perspective to the Office of Financial Research. Do you think Dodd-Frank adequately addressed risks in our financial system and addressed the root causes of the 2008 Global Financial Crisis?
  - a. If not, what more do you think needs to be done to address those root causes?
    - **Answer: The Dodd-Frank Act made many necessary changes to the financial system and addressed many of the root causes of the 2008 crisis. For example, the banking system overall is now stronger than it was before the crisis. And, many of the mortgage reforms mitigated risks to borrowers and homeowners. However, risks to the financial system and the economy are always evolving and OFR needs, as an organization, to be able to balance deep analyses with the agility to address new and emerging risks.**
2. Do you believe that climate change is material and/or poses systemic risk to the American financial sector or broader economy?
  - **Answer: Significant claims on liabilities and/or losses to assets can endanger a financial institution and if widespread, or through paths of contagion, impact the stability of the financial system. Given the likelihood of such losses in the coming years from climate and weather-related events, it is prudent for the regulatory community to monitor and assess the potential direct and indirect effects of those risks. The OFR is well positioned to gather and maintain the necessary data and resources to ensure that these efforts are effective and efficient.**
3. Should you be confirmed, would you utilize the position's subpoena power?
  - a. If so, in what circumstances would you find it appropriate to exercise subpoena powers?
    - **Answer: Congress, as you note, has given then the Director the responsibility and authority to collect data "from member agencies, commercial data providers, publicly available data sources, and financial entities," possibly under subpoena "upon a written finding .... That such data is required to carry out the functions [of the Office]" and that "the Office has coordinated with the relevant primary financial regulator." If confirmed, I would abide by these requirements.**

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4. Do you think the repo market played a role in the 2008 Global Financial Crisis?
  - a. Do you think that the repo market should be more heavily regulated in order to ensure stability in our financial system?
    - **Answer: Instability in short-term wholesale funding markets was at the center of some of the vulnerabilities that led to the financial crisis in 2007-09. These included a large money market fund that “broke the buck” and dislocations in the commercial paper market. Given the importance of funding markets, including repo, to many sectors of the financial system, it is important to monitor this market for vulnerabilities. If confirmed, I would make it a priority to engage on this issue to determine whether improved transparency in the repo market may support the OFR, FSOC, and regulators in their efforts related to financial stability.**

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**Questions for Dr. Ron Borzekowski, of Maryland, to be Director of Financial Research, Department of the Treasury, from Senator Raphael Warnock:**

I commend financial regulators for taking swift action to safeguard depositors and prevent a widespread systemic crisis in response to the two recent banking collapses, which included the actions taken by regulators to protect our banking system against contagion brought about by the mismanagement of both Silicon Valley Bank and Signature Bank. However, there were notable deficiencies in the level of engagement and action on the part of regulators leading up to these collapses. While a unique set of economic, monetary, and global factors contributed to this particular banking condition, regulators must have the ability to not just analyze historical banking conditions, but also to forecast unanticipated ones.

1. Does the Office of Financial Research at the Department of Treasury have the tools it needs to identify novel systemic risks? If not, where are these limitations and how can Congress provide further resources or authorities?
  - **Answer: The OFR has taken important actions recently to identify and assess potential risks to financial stability, including through data collections on the repo market and the publication of its financial stability monitor. As you know, it has been several years since I was directly involved with the FSOC or the OFR. If confirmed, I will have the opportunity to ascertain what additional resources or authorities may be necessary to ensure the Office can fulfill its mission, and I would look forward to sharing those insights with you.**

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**Questions for Dr. Ron Borzekowski, of Maryland, to be Director of Financial Research,  
Department of the Treasury, from Senator Elizabeth Warren:**

President Biden’s Ethics Pledge (Executive Order No. 13989), to which you are bound, requires that, for at least two years, you do not “participate in any particular matter involving specific parties that is directly and substantially related to [your] former employer or former clients, including regulations and contracts.” But for you to have the full confidence of Congress and the American people, I believe more is required.

I have introduced legislation, the *Anti-Corruption and Public Integrity Act*, that would improve ethics standards and restore Americans’ confidence in government officials. This legislation would require senior government officials and White House staff to divest from privately-owned assets that could present conflicts, including large companies and commercial real estate; it would require executive branch employees to recuse from all issues that might financially benefit themselves or a previous employer or client for at least a four-year period; and it would close the revolving door by banning officials from lobbying the agency at which they used to work, and prohibiting the world’s largest companies from hiring or paying any former senior government official for four years after they leave government service.

Although Congress has not yet passed this legislation, it sets clear standards that will allow you and other officials to serve free of the taint of financial conflicts of interests, help reduce the speed of the revolving door, and reassure the American public that you are working for them, rather than on behalf of past or future private-sector employers. These are standards that you should voluntarily seek to meet, and commitments I have secured other high-level Administration officials.

Accordingly:

1. Will you commit to recusing yourself from matters that might have a direct and predictable effect on the financial interests of your former employers or clients for a period of four years upon your confirmation?
2. Will you commit not to seek a waiver from these recusals?
3. Will you commit not to seek employment or compensation from, including as a result of board service, any company that you interact with during your time in government for a period of four years after leaving government service?
  - **Answer: Throughout my time in public service, I have taken very seriously my obligation to follow ethics requirements and to avoid conflicts of interest or the possible appearances thereof. The Biden-Harris Administration has set increased ethical standards for its political appointees, and as part of my nomination I have agreed to those as well as the ethics rules specific to the OFR.**

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**I have worked closely with both the Treasury Department and the Office of Government Ethics regarding my ethics commitments related to my former employers and these are documented in my ethics agreement.**

**I am willing to commit to additional requirements in response to your requests. Under the Biden-Harris ethics pledge, I will recuse myself for a period of two years from participating personally and substantially in any particular matter involving specific parties in which I know that a former employer is a party. If confirmed, I will commit to extend this recusal term from two years to four years. Further, I can pledge not to request a waiver except in the rare circumstance contemplated in the language of the President's executive order. In that circumstance, I will consult with members of Congress, including you, Senator Warren, about the appropriate actions to take.**

**I also commit to fully and faithfully adhere to all of my post-government employment obligations, in full compliance with applicable ethics rules, including under Federal law and the Biden-Harris administration's ethics pledge. If confirmed, following my employment at the OFR, I commit to not seek employment or compensation from any entity that I had personal and substantial interaction with in my role as Director of the OFR for a period of four years.**