

**Statement of Senator Mike Crapo**  
**Committee on Banking, Housing, and Urban Affairs**  
**January 30, 2018**

**Crapo Statement at Hearing on FSOC Annual Report**

WASHINGTON – U.S. Senator Mike Crapo (R-Idaho), Chairman of the United States Senate Committee on Banking, Housing and Urban Affairs, today delivered the following remarks during a full committee hearing entitled “The Financial Stability Oversight Council Annual Report to Congress.”

The text of Chairman Crapo’s remarks, as prepared, is below.

“Today, Treasury Secretary Steven Mnuchin will testify on the Financial Stability Oversight Council’s 2017 annual report and the operations and actions of FSOC this Congress.

“In December of last year, FSOC issued its 2017 annual report, in which it provided numerous recommendations, insights into the Council’s key activities, and identified potential emerging threats to financial stability.

“One of the recommendations urged Congress to reform the housing finance system and boost the role of private capital in mortgage finance.

“I have repeatedly stated that the status quo is not a viable option and reforming the housing finance system is one of my key priorities.

“Testifying before the Banking Committee last year, Secretary Mnuchin re-affirmed his commitment to work with us to find a solution, and stressed the importance of finding a balance between ensuring strong taxpayer protection and ample access to credit.

“Four years ago, a bipartisan group of Senators passed a housing finance reform bill in this Committee.

“We have an opportunity now to build on that effort and create a broader coalition of Republicans and Democrats to pass a bill into law.

“This remains one of my top priorities, and I look forward to continuing to work with the other members of this Committee, Secretary Mnuchin, and other stakeholders throughout this process.

“Another focus of the report was cybersecurity, particularly in the financial services space.

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“FSOC identified cybersecurity as an area requiring greater attention due to the increasing sophistication of cyber criminals and the growing scope and scale of malicious attacks, including data breaches.

“The list of significant cyber-attacks and cyber breaches both in the public and private sectors keeps growing at an alarming rate and seems to have impacted the majority of all Americans.

“The Council made recommendations to specifically address cybersecurity risks, including greater collaboration between the public and private sectors.

“It is critical that personal data is protected by both the government and industry, and that when there is an attack or breach, the impact on victims is minimized.

“The report also highlighted key actions taken by the Council since the last report.

“This included FSOC rescinding the designation of two non-bank financial companies.

“Many of us on the Committee have long been critical of the lack of transparency and analytic rigor of FSOC’s process for designating non-bank SIFIs.

“In November 2017, Treasury issued a report outlining recommendations for enhancing both the non-bank and financial market utility designation process, which included tailoring regulations to minimize burdens and ensuring the designation analyses are rigorous, clear and transparent.

“In the past, the non-bank SIFI designation process has lacked clarity and consistency, with the threat of serious regulatory consequences for firms that received designations.

“This inevitably translates into higher costs for consumers and the overall economy.

“When making determinations, the FSOC’s process must be transparent, objective and measurable, with clearly outlined criteria when such designations are appropriate.

“It must also provide clarity on how companies can shed such designations.

“I thank the Secretary for his work in these areas and for testifying before the Committee today, and look forward to his comments and insights on these important issues.”

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