

TITLE 12 - BANKS AND BANKING
CHAPTER 53 - WALL STREET REFORM AND CONSUMER PROTECTION
SUBCHAPTER I - FINANCIAL STABILITY
Part A - Financial Stability Oversight Council

§ 5322. Council authority

(a) Purposes and duties of the Council

(1) In general

The purposes of the Council are—

- (A)** to identify risks to the financial stability of the United States that could arise from the material financial distress or failure, or ongoing activities, of large, interconnected bank holding companies or nonbank financial companies, or that could arise outside the financial services marketplace;
- (B)** to promote market discipline, by eliminating expectations on the part of shareholders, creditors, and counterparties of such companies that the Government will shield them from losses in the event of failure; and
- (C)** to respond to emerging threats to the stability of the United States financial system.

(2) Duties

The Council shall, in accordance with this subchapter—

- (A)** collect information from member agencies, other Federal and State financial regulatory agencies, the Federal Insurance Office and, if necessary to assess risks to the United States financial system, direct the Office of Financial Research to collect information from bank holding companies and nonbank financial companies;
- (B)** provide direction to, and request data and analyses from, the Office of Financial Research to support the work of the Council;
- (C)** monitor the financial services marketplace in order to identify potential threats to the financial stability of the United States;
- (D)** to¹ monitor domestic and international financial regulatory proposals and developments, including insurance and accounting issues, and to advise Congress and make recommendations in such areas that will enhance the integrity, efficiency, competitiveness, and stability of the U.S. financial markets;
- (E)** facilitate information sharing and coordination among the member agencies and other Federal and State agencies regarding domestic financial services policy development, rulemaking, examinations, reporting requirements, and enforcement actions;
- (F)** recommend to the member agencies general supervisory priorities and principles reflecting the outcome of discussions among the member agencies;
- (G)** identify gaps in regulation that could pose risks to the financial stability of the United States;
- (H)** require supervision by the Board of Governors for nonbank financial companies that may pose risks to the financial stability of the United States in the event of their material financial distress or failure, or because of their activities pursuant to section 5323 of this title;
- (I)** make recommendations to the Board of Governors concerning the establishment of heightened prudential standards for risk-based capital, leverage, liquidity, contingent capital, resolution plans and credit exposure reports, concentration limits, enhanced public disclosures, and overall risk management for nonbank financial companies and large, interconnected bank holding companies supervised by the Board of Governors;

- (J) identify systemically important financial market utilities and payment, clearing, and settlement activities (as that term is defined in subchapter IV);
- (K) make recommendations to primary financial regulatory agencies to apply new or heightened standards and safeguards for financial activities or practices that could create or increase risks of significant liquidity, credit, or other problems spreading among bank holding companies, nonbank financial companies, and United States financial markets;
- (L) review and, as appropriate, may submit comments to the Commission and any standard-setting body with respect to an existing or proposed accounting principle, standard, or procedure;
- (M) provide a forum for—
 - (i) discussion and analysis of emerging market developments and financial regulatory issues; and
 - (ii) resolution of jurisdictional disputes among the members of the Council; and
- (N) annually report to and testify before Congress on—
 - (i) the activities of the Council;
 - (ii) significant financial market and regulatory developments, including insurance and accounting regulations and standards, along with an assessment of those developments on the stability of the financial system;
 - (iii) potential emerging threats to the financial stability of the United States;
 - (iv) all determinations made under section 5323 of this title or subchapter IV, and the basis for such determinations;
 - (v) all recommendations made under section 5329 of this title and the result of such recommendations; and
 - (vi) recommendations—
 - (I) to enhance the integrity, efficiency, competitiveness, and stability of United States financial markets;
 - (II) to promote market discipline; and
 - (III) to maintain investor confidence.

(b) Statements by voting members of the Council

At the time at which each report is submitted under subsection (a), each voting member of the Council shall—

- (1) if such member believes that the Council, the Government, and the private sector are taking all reasonable steps to ensure financial stability and to mitigate systemic risk that would negatively affect the economy, submit a signed statement to Congress stating such belief; or
- (2) if such member does not believe that all reasonable steps described under paragraph (1) are being taken, submit a signed statement to Congress stating what actions such member believes need to be taken in order to ensure that all reasonable steps described under paragraph (1) are taken.

(c) Testimony by the Chairperson

The Chairperson shall appear before the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate at an annual hearing, after the report is submitted under subsection (a)—

- (1) to discuss the efforts, activities, objectives, and plans of the Council; and
- (2) to discuss and answer questions concerning such report.

(d) Authority to obtain information

(1) In general

The Council may receive, and may request the submission of, any data or information from the Office of Financial Research, member agencies, and the Federal Insurance Office, as necessary—

(A) to monitor the financial services marketplace to identify potential risks to the financial stability of the United States; or

(B) to otherwise carry out any of the provisions of this subchapter.

(2) Submissions by the office and member agencies

Notwithstanding any other provision of law, the Office of Financial Research, any member agency, and the Federal Insurance Office, are authorized to submit information to the Council.

(3) Financial data collection

(A) In general

The Council, acting through the Office of Financial Research, may require the submission of periodic and other reports from any nonbank financial company or bank holding company for the purpose of assessing the extent to which a financial activity or financial market in which the nonbank financial company or bank holding company participates, or the nonbank financial company or bank holding company itself, poses a threat to the financial stability of the United States.

(B) Mitigation of report burden

Before requiring the submission of reports from any nonbank financial company or bank holding company that is regulated by a member agency or any primary financial regulatory agency, the Council, acting through the Office of Financial Research, shall coordinate with such agencies and shall, whenever possible, rely on information available from the Office of Financial Research or such agencies.

(C) Mitigation in case of foreign financial companies

Before requiring the submission of reports from a company that is a foreign nonbank financial company or foreign-based bank holding company, the Council shall, acting through the Office of Financial Research, to the extent appropriate, consult with the appropriate foreign regulator of such company and, whenever possible, rely on information already being collected by such foreign regulator, with English translation.

(4) Back-up examination by the Board of Governors

If the Council is unable to determine whether the financial activities of a U.S. nonbank financial company pose a threat to the financial stability of the United States, based on information or reports obtained under paragraphs (1) and (3), discussions with management, and publicly available information, the Council may request the Board of Governors, and the Board of Governors is authorized, to conduct an examination of the U.S. nonbank financial company for the sole purpose of determining whether the nonbank financial company should be supervised by the Board of Governors for purposes of this subchapter.

(5) Confidentiality

(A) In general

The Council, the Office of Financial Research, and the other member agencies shall maintain the confidentiality of any data, information, and reports submitted under this subchapter.

(B) Retention of privilege

The submission of any nonpublicly available data or information under this subsection and part B shall not constitute a waiver of, or otherwise affect, any privilege arising under Federal or State law (including the rules of any Federal or State court) to which the data or information is otherwise subject.

(C) Freedom of Information Act

Section 552 of title 5, including the exceptions thereunder, shall apply to any data or information submitted under this subsection and part B.

Footnotes

¹ So in original. The word “to” probably should not appear.

(Pub. L. 111–203, title I, § 112, July 21, 2010, 124 Stat. 1394.)

References in Text

This subchapter, referred to in subsecs. (a)(2) and (d)(1)(B), (4), (5)(A), was in the original “this title”, meaning title I of Pub. L. 111–203, July 21, 2010, 124 Stat. 1391, which is classified principally to this subchapter. For complete classification of title I to the Code, see Short Title note set out under section 5301 of this title and Tables.