

Financial Research Fund

Program Summary by Budget Activity

Dollars in thousands

	FY 2011	FY 2012	FY 2013	FY 2012 TO FY 2013	
	Enacted	Enacted	Request	\$ Change	% Change
Office of Financial Research	\$11,338	\$109,660	\$138,220	\$28,560	26.04%
Financial Stability Oversight Council	\$2,921	\$8,250	\$8,800	\$550	6.67%
Federal Deposit Insurance Corporation Payments	\$0	\$4,716	\$10,725	\$6,009	127.42%
Total Cost of Operations	\$14,259	\$122,626	\$157,745	\$35,119	28.64%
Total FTE	19	179	312	133	42.6%

Summary

The Financial Research Fund funds the expenses of the Office of Financial Research (OFR) and the Financial Stability Oversight Council (Council) which includes certain implementation expenses that the Federal Deposit Insurance Corporation (FDIC) incurs.

The Council was established by the *Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010* (the Act) and is charged with identifying risks to the financial stability of the United States, promoting market discipline, and responding to emerging threats to the stability of the U.S. financial system. Over the next year, the Council will be: working to establish processes for the designation of nonbank financial companies; considering whether to designate financial market utilities as systemically important; and developing and implementing tools to monitor and mitigate emerging risks to the financial system.

Under the Act, the Director of the OFR is appointed by the President and confirmed by the Senate. Prior to confirmation, Treasury, under the Secretary's authority, is managing the OFR with all of the Director's statutory authority. Over the next year, the OFR will expand its services to the Council and broader stakeholders while continuing to build its institutional infrastructure. Priorities include

expanding the provision of data and analysis to the Council, including by strengthening coordination in data collection; continued work on data-related standards, including the adoption of a Legal Entity Identifier— a global standard to uniquely identify parties to financial transactions that will support better understanding of true exposures and interconnections among and across financial institutions; promoting public-private collaboration in research on threats to the financial stability; and publication of data and analysis to support strengthened public understanding of threats to financial stability.

Section 210(n)(10) of the Act provides that certain reasonable implementation expenses that the FDIC incurred after the date of enactment of the Act shall be treated as expenses of the Council. The FDIC must periodically submit requests for reimbursement of reasonable implementation expenses to the Chairperson of the Council, who shall arrange for prompt reimbursement to the FDIC. The expenses estimated are for rulewriting and resolution planning consistent with the FDIC's implementation of its responsibilities under Title II of the Act.

Explanation of Budget Activities

Prior to the 2008 financial crisis, the regulatory framework focused too narrowly on individual institutions and markets, which

allowed supervisory gaps to grow and regulatory inconsistencies to emerge. The Act established the Council with a clear statutory mandate that created for the first time collective accountability for identifying and responding to emerging threats to financial stability. The Council is chaired by the Secretary of the Treasury and brings together the expertise of the federal financial regulators, an independent member with insurance expertise appointed by the President, and state regulators.

The OFR was established by the Act to serve the Council, its member agencies, and the public by improving the quality, transparency, and accessibility of financial data and information, by conducting and sponsoring research related to financial stability, and by promoting best practices in risk management.

Federal Deposit Insurance Corporation (FDIC) Payments are to reimburse the FDIC for certain reasonable implementation expenses incurred after the date of enactment of the Act.

Office of Financial Research (\$138,220,000 from mandatory programs)

The Act established the OFR within the Treasury Department to support the Council and its members by improving the quality of financial data available to policymakers and by facilitating more robust and sophisticated analysis of the financial system. The data and analysis provided by OFR will enhance the Council's ability to identify and analyze threats to financial stability.

Financial Stability Oversight Council (\$8,800,000 from mandatory programs)

The Council has a clear statutory mandate to facilitate coordination among financial regulators and identify risks and respond to emerging threats to financial stability. The Council has ten voting members, including

nine federal financial regulatory agencies and an independent member with insurance expertise, and five non-voting members. The Council is an executive agency of the Federal Government and is not a bureau or office of the Department of the Treasury.

Federal Deposit Insurance Corporation Payments (\$10,725,000 from mandatory programs)

Section 210(n)(10) of the Act provides that certain reasonable implementation expenses that FDIC incurred after the date of enactment of the Act shall be treated as expenses of the Council. The expenses estimated are for rulewriting and resolution planning consistent with the FDIC's implementation of its responsibilities under Title II of the Act.

Legislative Proposals

There are no current proposals for amending the authorizing legislation.

Description of Performance

Information on the Council is provided on www.treasury.gov, www.fsoc.gov, and member agency websites. Transparency on the Council's decisions will be provided through an annual report to Congress and the public and testimony by the Chairperson on the Council's activities and emerging threats to financial stability. Transparency on the OFR will be provided through an annual report to Congress, as well as testimony on the activities of the office and threats to financial stability. An OFR report to Congress on human resources planning is also provided annually for the office's initial five years. Information on OFR is available at www.treasury.gov/ofr. The OFR, as an office of the Department of the Treasury, will complete an initial strategic plan and establish preliminary performance measures during FY 2012.