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Statement of Rep. Carolyn B. Maloney

February, 12 2003

"Recovery and Renewal: Protecting the Capital Markets Against Terrorism Post-9/11"

Thank you, Chairman Oxley and Chairman Baker, for holding this hearing on protecting the capital markets and the economy from another terrorist strike.

It is highly appropriate that we review the findings of the GAO as to the level of preparedness of the markets. I agree, prudence demands that backup systems be in place in the event of another attack. However, I want hope we take care to ensure that Congress and the federal regulators not unnecessarily force financial services firms to move jobs out of New York City as we review preparedness.

Recently, the financial services regulators issued a "Draft Interagency White Paper on Sound Practices to Strengthen the Resilience of the U.S. Financial System." I continue to be concerned that the implementation of this white paper could result in the relocation of thousands of workers and significant physical resources of major financial institutions out of New York and to locations across the country.

Experience dictates that existing financial services firms' contingency planning is fairly well in place. The 9/11 attacks caused unprecedented damage in the center of New York City's financial district. Despite this extraordinary damage, markets reopened within a number of days. Many of the existing contingency plans were put in place for Y2K. Given this existing investment in backup systems

I think there are questions about the need for formal guidance that firms should move additional operations to out-of-region facilities hundreds of miles away from New York or other financial centers.

As a bottom line I share the goal of maintaining the continuity our economy in the event of an attack. I only request that policymakers tread very carefully and not cause additional damage to the future of the New York City economy. I yield back the balance of my time.