

OVERSIGHT PLAN OF THE COMMITTEE ON FINANCIAL  
SERVICES FOR THE ONE HUNDRED NINTH CONGRESS

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FEBRUARY 2, 2005. Approved by the Committee on Financial Services [as amended].

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Mr. OXLEY, from the Committee on Financial Services, submitted to  
the Committee on Government Reform and the Committee on  
House Administration the following

R E P O R T

Clause 2(d)(1) of rule X of the Rules of the House of Representatives for the 109th Congress requires each standing committee, not later than February 15 of the first session to adopt an oversight plan for the 109th Congress. The oversight plan must be submitted simultaneously to the Committee on Government Reform and the Committee on House Administration.

The following agenda constitutes the oversight plan of the Committee on Financial Services for the 109th Congress. It includes areas in which the Committee and its subcommittees expect to conduct oversight during this Congress, but does not preclude oversight or investigation of additional matters or programs as they arise. The Committee will consult, as appropriate, with other committees of the House that may share jurisdiction on any of the subjects listed below.

## FINANCIAL INSTITUTIONS

*Implementation of the USA PATRIOT Act.* The Committee will monitor the government's efforts to combat terrorist financing, including its enforcement of Title III of the USA PATRIOT Act (Public Law 107-56) and its implementation of the counter-terrorist financing provisions included in the Intelligence Reform and Terrorism Prevention Act of 2004 (Public Law 108-796).

*Money Laundering and the Financing of Terrorism.* The Committee will review enforcement of anti-money laundering laws and regulations, including but not limited to those enacted or implemented as part of the USA PATRIOT Act. This review will include examination of the administration's annual National Money Laundering Strategy, a short-term reauthorization of which was included in the Intelligence Reform and Terrorism Prevention Act of 2004. The Committee will also monitor the development of the newly created Office of Terrorism and Financial Intelligence, to ensure that adequate resources are applied efficiently, and in particular will monitor the effectiveness of the Financial Crimes Enforcement Network (FinCEN) and ongoing changes at the Office of Foreign Assets Control, including adequate allocation of assets at OFAC to develop suitable, modern computer systems that allow it to do its job effectively.

*Implementation of Gramm-Leach-Bliley Act.* The Committee will continue to monitor various aspects of the implementation of the Gramm-Leach-Bliley Act (GLB) to ensure that the benefits of that landmark financial modernization law are fully realized by consumers and the financial services sector. Included in the Committee's review will be regulatory interpretations of (1) GLB's provision authorizing the Federal Reserve Board and the Treasury Department to define activities that are "financial in nature," and therefore permissible for financial holding companies and financial subsidiaries to engage in; and (2) the Title II "push-out" provisions, relating to regulation of certain securities activities conducted within banking organizations. The Committee will also review government and private sector implementation of the financial privacy requirements of Title V of GLB, including the process by which consumers are given notice and choice about how their financial information is used and disseminated by financial firms.

*Implementation of FACT Act.* The Committee will monitor government and private sector implementation of the Fair and Accurate Credit Transactions (FACT) Act (Public Law 108-159), the 2003 legislation that renewed certain key provisions of the Fair Credit Reporting Act (FCRA) and gave consumers important new rights and protections

against identity theft, including the ability to obtain free credit reports annually. Among the issues the Committee may address are what efforts can be undertaken to promote voluntary reporting of data not currently being supplied to credit reporting agencies, which could have the effect of facilitating greater access to the financial mainstream, as well as how the use of credit and credit-based insurance scores may affect the availability and affordability of financial services and products.

*Financial Privacy and Identity Theft.* In addition to examining financial privacy issues in the context of the implementation of the Gramm-Leach-Bliley and FACT Acts, the Committee will continue its focus on combating identity theft and other emerging threats to the security of consumers' personal financial information.

*Payments System Innovations.* The Committee will review government and private sector efforts to achieve greater innovations and efficiencies in the payments system. With passage of the Check 21 Act (Public Law 108-100) during the 108th Congress, the Committee led the way toward a more modern check processing system. The Committee will continue to monitor the implementation of the Check 21 Act, as well as other improvements to the payments system, including ACH debit entries, wire transfers, and international remittances.

*Deposit Insurance Reform.* The Committee will review proposals to address potential inequities and economic distortions in the Federal deposit insurance system, to ensure that deposit insurance continues to serve its historic function as a source of stability in the banking system and a valued safety net for depositors.

*Internet Gambling.* The Committee will continue to monitor the use of financial instruments which include credit cards, checks, electronic funds transfers, and other alternative forms of payment in unlawful Internet gambling. The Committee's review will focus on the potential misuse of illegal offshore Internet gambling sites to facilitate money laundering and other criminal activity.

*Basel Capital Accord.* The Committee will continue to review changes to the Basel Capital Accord, which seeks to establish an international minimum standard for assessing regulatory capital cushions held by commercial banks, and monitor its implementation in the United States. The Basel Accord is promulgated by an informal grouping of banking supervisors from the Group of Ten countries meeting under the auspices of the Bank for International Settlements' Basel Committee on Banking Supervision. The members of the Basel Committee negotiated changes to the Basel Accord, finalizing the agreement in 2004. The Accord will determine the level of capital financial institutions must hold against various assets. The Committee will ex-

amine the need for the recommended changes and will address whether the proposed new capital charges will have a discriminatory effect on U.S. financial institutions or other unintended consequences. The Accord is scheduled to be fully implemented in the United States by 2007. The Committee will also assess whether adequate arrangements have been made for the allocation of responsibilities among home and host regulators for reviewing and setting regulatory capital requirements within a banking organization. The Committee will continue to consider whether legislation is needed to formalize the negotiating authority of various Federal banking regulators when participating in discussions under the umbrella of the Basel Committee on Banking Supervision.

*Credit Unions.* The Committee will review issues relating to the safety and soundness and regulatory treatment of the credit union industry.

*Financial Supervision.* The Committee will require Federal regulators to provide periodic updates on their safety and soundness supervision of the banking, thrift and credit union industries, to ensure that systemic risks or other structural weaknesses in the financial sector are identified and addressed promptly. The trend toward consolidation in the banking industry and the growing number of large credit unions serving broad fields of membership requires that Federal regulators maintain the expertise and risk evaluation systems necessary to oversee the activities of the increasingly complex institutions under their supervision. The Committee will also consider proposals to modernize the federal regulatory structure to better reflect the new market for financial services created by GLB.

*Regulatory Burden Reduction.* The Committee will review the current regulatory burden on banks, thrifts, and credit unions with the goal of reducing unnecessary or duplicative regulations, consistent with consumer protection and safe and sound banking practices. The Committee's starting point will be the work done in the 108th Congress in developing bipartisan regulatory relief legislation (H.R. 1375) that passed the House in March 2004. Pursuant to the Economic Growth and Regulatory Paperwork Reduction Act of 1996 (EGRPRA), the Federal banking agencies and the National Credit Union Administration (NCUA) are currently engaged in a review of all existing regulations to identify and eliminate those that are outdated, unnecessary, or unduly burdensome to insured depository institutions. The Committee will monitor the EGRPRA process, which is expected to yield legislative proposals for reducing regulatory burdens on insured depository institutions.

*Consumer Protections.* In addition to issues addressed throughout this oversight plan that relate to consumers of financial services, the Committee will consider other specific consumer protection issues within its jurisdictional purview, including, but not limited to, the use of credit reports to change the rates and terms of pre-existing accounts, to ensure that the financial services industry fulfills its responsibility to treat its customers fairly and fully disclose the terms on which financial products and services are offered to the public.

*Credit Card Regulation.* The Committee will continue its review of credit card industry practices, which have been the subject of Committee oversight hearings in each of the last two Congresses. In that regard, the Committee will monitor the Federal Reserve Board's recently announced review of the format and content of the disclosures required by the Truth in Lending Act related to open-end credit arrangements (such as credit card accounts). The Committee will also monitor efforts to reform the nation's bankruptcy laws, including provisions to allow for the netting of financial contracts.

*Credit Counseling.* The Committee will review the credit counseling industry, which provides financial education and debt management services to consumers seeking to address excessive levels of personal indebtedness.

*Financial Literacy.* The Committee will continue its efforts to promote greater financial literacy and awareness among the public. As part of these efforts, the Committee will review the implementation of Title V of the FACT Act (Public Law 108-159), which authorized the creation of a Financial Literacy and Education Commission comprised of senior officials from a wide cross-section of government agencies. To date, the Commission has held several public hearings, created a website and toll-free hotline, and begun developing a national strategy to promote basic financial literacy and education. The Committee will also monitor an ongoing General Accountability Office (GAO) review mandated by the FACT Act assessing the extent of consumers' knowledge and awareness of credit reports, credit scores, and the dispute resolution process, and on methods for improving financial literacy among consumers. The committee will also review the Federal Trade Commission's efforts to implement the Act's National Public Service Multimedia Campaign.

*Access to Financial Services.* The Committee will continue to explore ways to expand access to mainstream financial services by traditionally underserved segments of the United States population, particularly those without any prior banking history (commonly referred to as the "unbanked"). One area of review will be developments in the rapidly expanding marketplace for international remittances services

used by individuals seeking to send funds back to relatives in their countries of origin.

*Community Development Financial Institutions Fund.* In reviewing the expired authorization of the Community Development Financial Institutions (CDFI) Fund, created in 1994 to promote economic revitalization and community development, the Committee will examine the record of the Fund in implementing reforms pledged in 1997 to eliminate irregularities in the grant making process identified during the course of an investigation by the Subcommittee on General Oversight. The Committee will monitor the CDFI Fund's implementation of the New Markets Tax Credits program, which was part of the Renewable Communities and New Markets initiative enacted into law during the 106th Congress.

*Subprime Lending.* The Committee will study the complex problem of and potential solutions to abusive and deceptive lending in the mortgage industry, particularly among those households with imperfect credit.

## SECURITIES

*Sarbanes-Oxley Act.* The Committee will continue to monitor and review the implementation and impact of the Sarbanes-Oxley Act upon investors, public companies, and the capital markets.

*Public Company Accounting Oversight Board.* The Committee will examine the work of the Public Company Accounting Oversight Board as it completes its first required inspections of public company auditors pursuant to the Sarbanes-Oxley Act.

*Financial Accounting Standards Board.* The Committee will review the recent work of the Financial Accounting Standards Board (FASB) and the success of the mechanisms put in place in the Sarbanes-Oxley Act to independently fund FASB's operations.

*Corporate Governance.* The Committee will study the role and actions of directors of public companies and mutual funds in light of the governance changes mandated by the Sarbanes-Oxley Act, public company listing standards, and the Securities and Exchange Commission's (SEC) rulemakings.

*Market Structure.* The Committee will monitor and review the work of the SEC relating to updating the rules governing the National Market System to ensure that any changes adopted encourage competition, decrease costs, limit conflicts of interest, improve transparency, and protect investors. As part of these investigations, it will also examine the issue of payment for order flow.

*Credit Rating Agencies.* The Committee will assess the role and regulation of credit rating agencies to determine if there is a need for greater transparency and competition in the industry.

*Mutual Funds.* The Committee will appraise the impact and functioning of the SEC's adopted and proposed rules affecting mutual funds to ensure that investors are being protected. In particular, the Committee will focus on rules prohibiting late trading, limiting market timing, enhancing fee and expense disclosure, requiring compliance officers, and strengthening corporate governance.

*529 Plans.* The Committee will continue to monitor the regulation of 529 college tuition savings plans and will undertake an examination of the expected regulatory proposals of the SEC Chairman's Task Force on College Savings Plans.

*Securities Offering Process.* The Committee will review the SEC's proposed rule on reforming the securities offering process, which aims to modernize outdated rules governing the process and facilitate access to information regarding public offerings.

*Social Security Reform.* The Committee will analyze the Administration's proposed Social Security reform and its potential impact upon investors and the capital markets, including the creation of personal savings retirement accounts.

*Initial Public Offerings (IPO) Allocation.* The Committee will review current practices regarding the allocation of initial public offerings and self-regulatory organizations' rules and proposals to improve this process and to increase investor access to initial public offerings as well as market efficiency and transparency.

*Capital Formation.* The Committee will survey regulatory impediments to capital formation and seek both regulatory and market-based incentives to increase access to capital, particularly for business development companies.

*Stock Option Accounting.* The Committee will continue to assess the impact upon U.S. public and private companies and the venture capital industry of the Financial Accounting Standards Board's rule mandating the expensing of stock options in public company financial statements.

*Investor Restitution.* The Committee will appraise the operations and efficiency of investor restitution regulations, including the Fair Fund provision of the Sarbanes-Oxley Act.

*SRO Regulation.* The Committee will evaluate the SEC's proposed rule regarding the fair administration, transparency, governance, and ownership at self-regulatory organizations.

*SEC Oversight.* The Committee will monitor the operations of the SEC, particularly the Office of Compliance Inspections and Examinations and the newly created Office of Risk Management.

*Hedge Funds.* The Committee will analyze the SEC's adopted rule to register hedge fund advisers and consider the implications of adviser registration, including the potential of the hedge fund business moving offshore.

*Bond Pricing Transparency.* The Committee will examine the efforts being made to improve transparency of the pricing of municipal and corporate bonds.

*Access to Broker Information.* The Committee will continue to examine efforts to improve investor access to information regarding brokers, including disciplinary actions.

*Investor Education and Financial Literacy.* The Committee will continue to promote efforts to encourage investor education initiatives and increase financial literacy.

*Financial Markets and Terrorism.* The Committee will continue its oversight of the implementation of disaster preparedness and business continuity measures by the financial services industry in the event of a terrorist attack. The Committee anticipates receiving a report addressing these matters from Federal financial regulators in 2006, pursuant to the study mandated in section 7803(e)(1) of P.L. 108-458, the Intelligence Reform and Terrorism Prevention Act of 2004.

*Convergence of International Accounting Standards.* The Committee will review the convergence of international accounting standards and United States accounting standards.

*XBRL Accounting.* The Committee will consider the SEC's concept release and proposed rule on XBRL accounting, or eXtensible Business Reporting Language, to determine whether XBRL makes the analysis and exchange of corporate information more reliable and accessible to investors.

*Securities Arbitration.* The Committee will examine developments in securities arbitration to determine the impact of arbitration rule changes, particularly by the NASD, and how the NASD and other industry forums are coping with a significant increase in investor claims.

*SIPC.* The Committee will review the operations of the Securities Investor Protection Corporation and proposals to improve its effectiveness

## GOVERNMENT SPONSORED ENTERPRISES



*Regulatory Reform.* The Committee will continue to pursue efforts to improve the regulatory structure of Fannie Mae, Freddie Mac, and the twelve Federal Home Loan Banks (FHLBs), collectively known as government sponsored enterprises (GSEs). Following accounting irregularities and management reorganizations at Fannie Mae and Freddie Mac, as well as financial troubles at several of the FHLBs, the Committee has sought to strengthen the regulatory oversight of the GSEs. The Committee will consider proposals to consolidate GSE supervision under an independent regulator that will have enforcement and supervisory powers. Currently, the GSEs are monitored by several entities. The Office of Federal Housing Enterprise Oversight, an independent office within the Department of Housing and Urban Development (HUD), regulates the safety and soundness of Fannie Mae and Freddie Mac. HUD regulates Fannie Mae and Freddie Mac for mission compliance by setting affordable housing goals, approving new business activities, and conducting fair lending reviews. Similarly, the FHLBs are regulated by the Federal Housing Finance Board, an independent agency within the executive branch. Its purpose is to ensure that the FHLBs operate in a financially safe and sound manner and carry out their affordable housing and community investment mission programs. The Committee will consider creating a new regulator that will have powers similar to those of other Federal financial regulators, including the ability to set risk-based and minimum capital levels, to approve new programs, and to place a GSE into receivership.

*GSEs and Financial Disclosure.* The restatements by Fannie Mae and Freddie Mac have called into question the integrity of their accounting procedures and financial reporting. The Committee will examine transparency and market discipline for the Government Sponsored Enterprises, including both the status of the voluntary registration by Fannie Mae and Freddie Mac under the Securities Exchange Act of 1934. Additionally, the Committee will consider disclosure of the guarantee fees charged by the GSEs, as well as the levels of these fees related to the risks assumed by the GSEs.

*Federal Home Loan Bank System.* The Committee will monitor various regulatory initiatives undertaken by the Federal Housing Finance Board, including proposals to require the FHLBs to register with the Securities and Exchange Commission, as well as allowing the FHLBs to securitize mortgages. The Committee will also look to improve the corporate governance of the various FHLBs by examining the approval process and terms of the Boards of Directors.

*Executive Compensation.* The Committee will examine the compensation agreements of current and previous executives of the GSEs and

consider additional action needed to prevent excessive compensation in the future and to ensure investor restitution.

*Housing Mission.* The Department of Housing and Urban Development (HUD) recently approved increases in the percentage of business that the GSEs must dedicate to affordable housing. Citing data that indicates the GSEs are not leading the market in affordable housing activity, HUD raised the goals that the GSEs are required to meet. The Committee has closely examined many of the GSE's affordable housing transactions and found that some loans were double counted in order to achieve the goals. The Committee will continue to monitor closely the affordable housing goals in order to ensure that the GSEs are meeting their mission and that HUD is properly enforcing these goals. Additionally, the Committee will consider proposals to maintain and strengthen the affordable housing mission of the GSE's.

*Mortgage Fraud.* The Committee has closely monitored the issue of mortgage fraud and its impact on home purchasers and on Ginnie Mae. The Committee will continue to monitor this issue and will encourage the GSEs to assist with the efforts to prevent and report cases of mortgage fraud.

## HOUSING

*Federal Housing Administration (FHA).* The Committee will conduct hearings on the FHA program and administrative structure, loan commitment authority, actuarial soundness, and credit subsidies. The Housing Subcommittee requested GAO studies concerning: (1) the performance of FHA and other loans that involve down payments; (2) the loan commitment authorities of FHA and Rural Housing Service; (3) TOTAL Scorecard; and (4) credit subsidy reestimates and actuarial soundness of the Mutual Mortgage Insurance Fund (MMIF). The Committee is concerned about a \$7 billion reestimate during FY 2004. The Credit Reform Act requires FHA to estimate the original credit subsidy or benefit of its books of business. As the loans age, FHA is required to correct estimates regarding the type of subsidy or benefits expected. In FY 2004, FHA corrected its earlier estimates to state that an additional \$7 billion is necessary to cover expected FHA insurance claims. The Committee will investigate, among other things, whether the re-estimate is a barometer of future Mutual Mortgage Insurance Fund problems or whether it is an anomaly based on the high refinance activity for FY 2004.

*Government National Mortgage Association (GNMA).* The Committee will conduct a comprehensive review of GNMA to determine

whether its mission and/or authority meets contemporary housing needs that promote affordable housing. The Committee requested a GAO review of GNMA as it relates to the agency's loss of market share.

*Rural Housing Service's (RHS) Mission.* The Committee will examine the Rural Housing Service and in particular the agency's mission and whether it has served the intended population in providing necessary housing loans or guarantees. The GAO report entitled "Rural Housing: Changing the Definition of Rural Could Improve Eligibility Determinations" [GAO-05-110], issued on December 3, 2004 would be a major focus of this hearing. Additionally, the Committee would also review GAO studies concerning (1) RHS's Section 521 Rental Assistance Program and, (2) the loan commitment authority of RHS. In addition, the Committee will conduct a hearing on the state of the Section 515 rental housing stock, including a review of the November 2004 report commissioned by the Rural Housing Service, entitled "Rural Rental Housing Comprehensive Property Assessment and Portfolio Analysis.

*Home Mortgage Disclosure Act (HMDA).* The Committee will review new issues involving the Home Mortgage Disclosure Act (HMDA). For the first time, the Federal Reserve will release information by September 2005, related to new loan pricing data that shows whether, and how much, the price of credit varies by borrower's race, sex, age, or geographic region. In a joint hearing, the Subcommittees on Financial Institutions and Housing and Community Opportunity would review this new data to understand how it impacts mortgage markets and its utility in curbing predatory or discriminatory mortgage lending.

*FY 2006/2007 Budget/Review of Housing and Urban Development, Rural Housing Service, National Reinvestment Corporation and the National Flood Insurance Program.* The Committee will conduct hearings to consider the Administration's proposals for FY 2006 and 2007. The Committee will review and hear testimony from the Administration on those budgets under the jurisdiction of the Housing Subcommittee. Testimony is expected from the Department of Housing and Urban Development, Rural Housing Service, National Reinvestment Corporation and the National Flood Insurance Program.

*Section 8 Housing Choice Voucher Program.* The Committee will conduct additional hearings on the Housing Choice Voucher Program. During the past two fiscal years, changes to the voucher program were implemented through the appropriations process. Moreover, the Administration offered two proposals that either block granted voucher funds to states or to the relevant local public housing author-

ity. This Committee will review the impact of the changes made to the voucher program and investigate the current needs of the administrators of the voucher program as well as the voucher recipients.

*Timely HAP Payments.* The Committee will review the GAO's findings, when available, regarding the timeliness of Housing Assistance Payments (HAP) for project-based Section 8 properties.

*Mortgage Finance Reform/Real Estate Settlement Procedures Act.* The Committee will conduct additional hearings on the Real Estate Settlement Procedures Act (RESPA). The Committee held hearings in the 108th Congress reviewing the Department of Housing and Urban Development's (HUD) proposed rule. While the proposed rule was withdrawn by the Administration, the Committee will review new proposals, if necessary, and consider ways to simplify and streamline the mortgage closing process.

*Housing Counseling.* The Committee will review current housing counseling programs and whether improvements could be made to enhance consumer education as well as prevent abusive lending practices. This review will encompass Federal, State, private and non-profit efforts to use homeownership counseling as a tool to prevent defaults and foreclosures in the mortgage markets.

*Public Housing.* The Committee will review the public housing programs in light of the post-1998 landmark public housing reform legislation. Public Law 105-276. In particular, the Committee notes that the 1998 legislation provided flexibility to the public housing authorities in managing public housing developments and programs while at the same time targeting housing to low income families. This hearing would review whether the law has been fully implemented and determine what future directions the Committee should pursue to equip public housing authorities and other administrative entities with the necessary tools to provide affordable housing. This review would also include HUD's Negotiated Rulemaking on project-based accounting and management for public housing, the Moving to Work program, agency short-and long-range planning, and, community service requirements, among other things.

*Colonias.* The Committee will review all the programs under the jurisdiction of the Subcommittee on Housing and Community Opportunity to assess the private and public sector response to housing and community development in the Colonias. The Colonias are generally identifiable communities in the U.S.-Mexico border regions (150 miles of the U.S.-Mexico border excluding Metropolitan Statistical Areas with populations exceeding one million) of Arizona, California, New Mexico, and Texas that are determined to be colonias on the basis of objective criteria, including lack of a potable water supply, inade-

quate sewage systems, and a shortage of decent, safe, and sanitary housing.

*National Flood Insurance Program.* The Committee will review the National Flood Insurance Program and in particular the implementation of the Bunning-Bereuter-Blumenauer Flood Insurance Reform Act of 2004 (Public Law 108-264). The Committee will continue to monitor the National Flood Insurance Program's policy sales, premium use, and claims handling practices.

*Community Development Block Grant.* The Committee will follow-up on a July 29, 2003 hearing in Columbus, Ohio where concerns were raised about the funding formula created in 1974. Moreover, HUD conducted a study of the program and, in particular, the allocation of CDBG funds. The Committee will review the mission and objective of CDBG funding and whether the Housing and Community Development Act of 1974 should be adjusted to meet contemporary affordable housing and community development needs. The Committee will also review any budget proposals, if offered, to make significant funding cuts to CDBG block grants or to transfer the jurisdiction of the program, with a view to ensuring that the purposes of the program are not compromised.

*HUD Mission, Management Reform and Staffing.* The Committee will review the overall mission, organization, human resource and technology of the Department of Housing and Urban Development to determine whether the Department is meeting and addressing contemporary housing issues. Over the past four years, the Administration has conducted a comprehensive review of the management and staff structure of the Department. Weaknesses, however, continue in some of HUD's programs, coupled with a significant number of Federal workers scheduled to retire in the next 5-10 years.

*HOPE VI/Mainstreet Program.* The Committee will review the HOPE VI program as a follow-up to its post-2003 legislation providing program authorization through 2006. [Public Law 108-186.] In addition to the program's authorization extension, Congress also included a provision to allow 5 percent of HOPE VI funds to assist smaller communities with main street revitalization or redevelopment projects. The Committee will review the administration of the program and the status of on-going HOPE VI projects, the economic impact of these programs to the community and neighborhoods and the status of the new provisions that are designed to assist smaller communities through a main street revitalization or redevelopment project.

*Minorities and Homeownership.* The Committee will conduct hearings to review homeownership rates, particularly for underserved markets, e.g. minorities, inner-city neighborhoods, and women. While

the Committee intends to review the traditional methods for increasing homeownership, the Committee will also explore new ways in which the minority community can achieve homeownership, particularly through local mortgage bankers and brokers, or expanding mortgage lines of credit or warehouse credit that will result in providing comparable market level service and products to underserved communities.

*Homelessness.* The Committee will continue to conduct hearings on the issue of homelessness, including a review of data provided by HUD's new HMIS nationwide homeless count, a review of HUD programs which provide housing and services to the homeless, and a review of the adequacy of those programs and funding levels in addressing the problem of homelessness.

*Housing Preservation.* The Committee will continue to hold hearings on the issue of preservation of federally assisted housing, including the challenge of maintaining housing affordability for those federally assisted properties scheduled to experience mortgage maturities in the next decade. The Committee may conduct a hearing, or series of hearings, on the transition of the Mark to Market program from the Office of Multi-family Housing and Restructuring to the new Office of Affordable Housing Preservation (OAHP) and on efforts by the OAHP to provide assistance to affordable housing areas in the oversight and preservation of affordable housing programs." The Committee may conduct a hearing, or series of hearings, on HUD's property disposition program, and on the extent to which HUD has worked with local housing authorities and non-profit organizations to preserve the affordability of HUD's inventory of multi-family housing following foreclosure by the borrower.

*Housing Production.* The Committee may conduct a hearing or series of hearings on the extent to which the existing housing stock meets the demand for affordable housing by low-income families, seniors, and disabled persons; a review of existing housing programs which are used in the construction or substantial rehabilitation of affordable housing units; and strategies for developing additional affordable housing units.

*Native American Housing Programs.* The Committee may hold hearings on HUD's programs which create affordable housing opportunities for Native Americans.

*Fair Housing.* The Committee may conduct hearings on the issue of fair housing enforcement, adequacy of resources and staffing levels, and the National Fair Housing Training Academy.

## INSURANCE

*Terrorism Risk Insurance Act.* The Committee will continue to monitor the terrorism insurance marketplace and conduct oversight of the Terrorism Risk Insurance Act of 2002 (Public Law 107-297), or “TRIA,” which is scheduled to expire on December 31, 2005. TRIA’s implementation by the Treasury Department, State insurance departments, and insurance underwriters, agents, and brokers will be reviewed to ensure that the goals of the legislation continue to be met. The Committee will review the Treasury report required by TRIA and due to be delivered in the first half of 2005. The Committee will also consider whether to move legislation regarding short and long-term proposals for ensuring the continued availability of terrorism insurance coverage for consumers as TRIA nears expiration and the need to expand TRIA to cover group life insurance.

*Military Personnel Financial Protection.* The Committee will continue its oversight of insurance companies and producers selling life insurance on Federal military installations. The Committee will consider proposals to improve the conduct of financial product sales on bases, restrict and prohibit unscrupulous sales tactics, clarify State jurisdiction over insurance activities on military installations, and register and disseminate information on companies and agents that have been banned or restricted from military installations for improper activities on military bases.

*Regulatory Modernization.* The Committee will continue its discussion on initiatives to modernize and improve insurance regulation. The Committee will review various ideas for reform, including the Federal promotion of State uniformity, State-by-State improvements, coordination of State regulation through the National Association of Insurance Commissioners (NAIC), and other reforms for improving the efficiency and effectiveness of State insurance regulation.

*Insurance Solvency Regulation.* The Committee will continue its examination of the NAIC’s accreditation program that judges the adequacy of State insurance financial regulation. The Committee will focus on the steps the NAIC has taken to update the program since its inception in the early 1990’s and will analyze other areas for improving the financial regulation of insurers.

*Market Conduct Regulation.* The Committee will review the need to modernize market conduct supervision to increase efficiency to better serve consumers. The Committee will focus on the efforts of State insurance regulators to improve market conduct oversight, and on various reform proposals to increase the coordination, quality, and uniformity of State market conduct regulation.

*Producer Licensing Reform.* The Committee will continue its review of the States' progress in passing and implementing uniform or reciprocal insurance producer licensing reform and what further measures may be necessary to promote uniformity as appropriate in producer licensing. The Committee will monitor the continuing external developments involving the relationships between insurance carriers and insurance brokers.

*Insurance Product Approval.* The Committee will continue its review of the need to modernize the State product approval process to achieve uniformity, efficiency, and timeliness in the regulatory review of insurance rates and forms. This review will include an evaluation of the NAIC interstate compact proposal as well as the NAIC improvements to State-based systems initiative for property and casualty products. The Committee will pay particular attention to State legislative efforts designed to adopt these proposals, and may consider various legislative reform proposals.

*Insurance Fraud.* The Committee will continue its examination of the efforts by the States, the NAIC, and other entities, to locate and fight insurance fraud. The Committee will focus on proposals to coordinate State and Federal anti-fraud efforts and establish a coordinated network of computer systems to share appropriate anti-fraud information.

*Insurance Consumer Protections.* The Committee will examine the regulatory systems established by the States to protect consumers' insurance interests. The Committee will also monitor the practice of recording consumer inquiries as part of consumer claim records.

*Preemption of State Insurance Law.* The Committee will monitor efforts by Federal agencies to preempt State laws governing insurance activities, and will also monitor State insurance laws to ensure that they do not significantly interfere with federally authorized powers of financial institutions.

*Price Controls, Underwriting Criteria, and Availability.* The Committee will continue its review of insurance availability in the States, including the impact of State rate regulation on long-term availability and competitive options for insurance coverage. The Committee will review the results of the study required under section 215 of the FACT Act on the impact on consumers of the growing use of credit-based insurance scores. The Committee will also examine the application of State and Federal antitrust law to insurers and insurance activities.

*Insurance Marketing.* The Committee will examine a number of consumer protection issues concerning the marketing of insurance products, potentially including misleading sales and marketing representations, the churning of life insurance, coercion and pressure tactics, product bundling, and premium charges for credit insurance



and mortgage insurance. The Committee may examine the manner in which insurance brokers are compensated for the sale of insurance products and recent State investigations of such compensation practices. The Committee will specifically focus on industry marketing practices targeting military personnel.

*Insurer Licensing.* The Committee will continue to examine the need to develop uniform and coordinated standards for company licensing. The Committee will discuss proposals for allowing single point and coordinated electronic license application filing systems, as well as proposals for establishing licensing uniformity and coordination.

*Surplus Lines.* The Committee will continue its review of the surplus lines marketplace. The Committee will contemplate various reform proposals, including the creation of a uniform system of allocation and remittance of surplus lines premium taxes and the creation of a uniform filing system.

*Reinsurance.* The Committee will continue its review of the state of the reinsurance marketplace. It is anticipated that the Committee will discuss various proposals to encourage greater uniformity and transparency for filing financial statements, uniform solvency regulation, and deference to home state regulators.

*Viaticals.* The Committee will continue to monitor the evolution of the viaticals industry. The Committee will consider potential reforms, including implementation of uniform and reciprocal standards and coordination of State and Federal securities regulators to decrease potential fraud.

*Receivership.* The Committee will continue to monitor the State system of receivership. The Committee will review proposed reforms to develop uniform and coordinated receivership laws, provide greater transparency and efficiency in administration, improve the administration of receiverships within the state system, and to protect the interests of the insureds, claimants, creditors, and the public.

*Financial Surveillance.* The Committee will continue its focus on improving financial surveillance to enhance insurance solvency regulations, including by reviewing proposals to establish a more coordinated and uniform system of financial surveillance.

*Risk Retention Act.* The Committee will conduct a review of alternative risk transfer arrangements to determine their effectiveness in offering insureds alternatives to traditional property and casualty insurance products. The Committee will focus particularly on the Risk Retention Act of 1981 and its 1986 amendments. The Committee will review the regulatory structure created by the Risk Retention Act in order to identify any potential problems resulting from the Act's par-

tial preemption of State insurance law, and assess the benefits of the Act to consider its potential expansion.

*Insurance Litigation Reform.* The Committee will monitor issues surrounding professional liability insurance to determine whether further efficiencies and reforms are necessary. The Committee will also review issues surrounding reform of insurance settlements, including the adequacy and reasonableness of fees and compensation awarded.

*Natural Disaster Insurance.* The Committee will review the availability and affordability of natural disaster insurance for homeowners, and will consider proposals for improving insurers' access to capital in the reinsurance, banking, and securities markets to ensure adequate capacity and solvency of the industry to meet consumer needs. The Committee will pay particular attention to the potential benefits of long-term reserving, natural disaster securitization, catastrophic reinsurance, and industry pooling mechanisms. In addition, the Committee will specifically examine the impact of recent hurricanes on the Florida insurance marketplace, including the ongoing availability and affordability of homeowners insurance for consumers. The Committee will also examine programs in other States and foreign countries for providing catastrophic insurance.

*Workers' Compensation Insurance.* The Committee will monitor the current state of workers' compensation insurance to determine the reasonableness of the level of compensation and the types of claims and charges being made, and to consider whether further efficiencies or anti-fraud mechanisms can be developed.

*Catalogue of Regulated Insurance Products and Federal Insurance Programs.* The Committee will examine the types of financial products with insurance-related features that are regulated to various degrees by the States, as well as the different regulatory approaches used by the States. The Committee will also continue its ongoing review of the scope of the Federal Government's involvement and exposure in insuring risk, the extent to which the Federal government is displacing private insurance, and the degree to which Federal insurance programs are not being conducted efficiently or effectively.

*Seniors' Retirement Needs.* The Committee will monitor the insurance needs particular to those contemplating or currently in retirement, including the use of annuities, long-term care insurance, insurance pension programs, 401(k)s, as well as nursing care insurance and other old age insurance programs. The Committee's focus will include newly marketed hybrid insurance instruments that incorporate features of securities and banking products. The Committee will examine whether seniors' assets are being adequately protected and whether Federal and State financial regulators are ensuring that

seniors' products are being properly regulated without any gaps in functional oversight.

*Insurance Industry Critical Infrastructure Protection.* The Committee will continue to examine the ability of the insurance industry, State insurance regulators, and the NAIC to protect against potential disruptions of the insurance sector from physical or cyber attacks by terrorists, as well as natural disasters.

## INTERNATIONAL FINANCE

*Annual Report and Testimony by the Secretary of the Treasury on International Monetary Fund Reform and the State of the International Financial System.* The Committee will review and assess the annual report to Congress from the Secretary of the Treasury on the International Monetary Fund (IMF) and the state of the international financial system. Pursuant to section 613 of Public Law 105-277, the Committee will hear annual testimony from the Secretary of the Treasury on: (1) progress made in reforming the IMF; (2) the status of efforts to reform the international financial system; (3) compliance by borrower countries with the terms and conditions of IMF assistance; and (4) the status of implementation of anti-money laundering and counterterrorism financing standards by the IMF, the multilateral development banks, and other multilateral financial policymaking bodies.

*U.S. -E.U. Financial Sector Issues.* The Committee will continue to monitor efforts by the European Union to build a unified financial services market, especially in light of the E.U.'s recent expansion to include a total of 25 Member States. These efforts include revisions to corporate governance standards, adoption of International Accounting Standards, efforts to update trading, clearance & settlement, and derivatives trading structures, oversight of financial conglomerates, transatlantic assessments of equivalency in regulatory oversight, and the evolution of relative responsibilities between Home and Host regulatory authorities. These reforms, upon implementation, will have a significant impact on American firms, consumers, investors. The Committee is committed to working with the U.S. and European regulators to ensure fair access to Europe's financial markets and to supporting increased exchanges of views across the Atlantic regarding matters of mutual interest.

*U.S. Contributions to the International Financial Institutions (IFIs).* The Committee will consider reauthorization of the International Development Association (IDA), the concessional lending window of the

International Bank for Reconstruction and Development. Special attention will be given to efforts to improve transparency of the IFIs, efforts to implement anti-corruption measures at the IFIs, and the role of grants and loans in promoting economic development. The Committee will review U.S. participation in, and the effectiveness of U.S. policy toward, the IMF, the World Bank Group, and the regional Multilateral Development Banks (MDBs). The Committee will also continue to monitor the role that remittances by individuals in developed countries to family members in developing countries can have in fostering economic growth and entrepreneurship and the implications these flows holds for development and security policy, given that remittance flows substantially exceed the flows of official sector development assistance. The Committee will continue to monitor the role of the World Bank as non-voting board member and trustee of the Global Fund to Fight AIDS, Tuberculosis and Malaria in addition to assessing the status of the World Bank's programs to reduce HIV/AIDS in developing countries. Assessments of the effectiveness of the IFIs in promoting development in individual countries will be undertaken as needed. The Committee will also monitor the process of appointing a new President of the World Bank upon the retirement of the current President from that position in the spring of 2005.

*Trade in Financial Services.* The Chairman and the Ranking Member of the Committee continue to serve on the Congressional Oversight Group on Trade, pursuant to the Trade Promotion Authority Act (Public Law 107-210), which is due for reauthorization in 2005. In this capacity, the Committee will remain active in the oversight of trade negotiations and will consult regularly with the United States Trade Representative on matters within the jurisdiction of the Committee, with particular emphasis on the financial services and investment provisions of bilateral free trade agreements in addition to the negotiations within the World Trade Organization that apply to financial services. The Committee will monitor negotiations for increased trade liberalization in financial services and will consult with U.S. counterparts to those negotiations.

*International Debt Relief.* The committee will monitor and conduct necessary oversight activities regarding the implementation of legislation passed in the 106th Congress to authorize U.S. funding for the Enhanced Heavily Indebted Poor Country (HIPC) Initiative. The committee will assess progress made by the IMF and World Bank in granting multilateral debt relief to qualified HIPC countries. The Committee will also monitor the development and adoption of poverty reduction strategies by the HIPC countries, will assess compliance with other conditions on U.S. funding specified in the authorizing leg-

isolation, and assess efforts to address potential shortfalls in financing the HIPC Trust Fund. The Committee will continue to assess the effectiveness of the current HIPC initiative as well as the need for reforms in light of other development efforts through the Millennium Challenge Corporation and the Millennium Development Goals.

*Millennium Challenge Corporation (MCC).* The Committee will continue to monitor the participation of the Secretary of the Treasury as a member of the board of the MCC. The MCC is designed to help developing nations improve their economies and standards of living by allocating bilateral development assistance based on specific criteria designed to measure progress in recipient countries' ability to allocate resources in support of good governance, investment in health and education, and economic policies that foster economic freedom. The Committee will monitor and assess the impact of the MCC on the MDBs and debt relief efforts.

*Counter-terrorism Financing Policy.* Section 7701 of the National Intelligence Reform Act of 2004 (Public Law 108-458) notes the significant progress made by the Treasury Department in promoting the adoption and implementation of counter-terrorism standards around the world through the Financial Action Task Force (FATF), the IMF, and the MDBs. The Committee will continue to monitor the role of the Treasury Department in promoting tighter counter-terrorism standards in these organizations as well as the evolution of the standards themselves as promulgated by FATF.

*Export-Import Bank of the United States.* The Committee will continue to monitor implementation of the Export-Import Bank Reauthorization Act of 2002 (Public Law 107-189) and the Bank's competitiveness as compared to foreign export credit agencies. Particular emphasis will be placed on the new mandates in that law regarding expansion of transactions with small businesses and the administration of the "Tied Aid" facility. The Committee will also review any cases where the President invokes Executive power to block Ex-Im financing due to foreign policy considerations. During the second session, the Committee will consider the reauthorization of the Ex-Im Bank.

*Oil for Food Investigation.* At the end of the 108th Congress, the Committee on International Relations referred to the Financial Services Committee an investigation of the letter of credit operation managed by BNPParibas for the United Nations' Oil for Food program. During the 109th Congress, the Financial Services Committee will continue this investigation to determine whether any violations of law or regulation occurred in the administration of this letters of credit operation for the United Nations. It will also seek to determine

whether issues raised in the investigation provide insights into how due diligence requirements for letter of credit and/or correspondent banking counterparts may be evolving and whether legislation is needed to match the pace of change.

*North American Development Bank.* The Committee will monitor and conduct necessary oversight activities over U.S. involvement in the North American Development Bank (NADBank). Specifically, the Committee will review the joint reform proposal for the NADBank as agreed to by President George W. Bush and President Vicente Fox of Mexico.

## DOMESTIC MONETARY POLICY AND TECHNOLOGY

*The Federal Reserve Bank's Conduct of Monetary Policy.* The Committee will hold hearings to receive the Chairman of the Federal Reserve Board of Governor's semi-annual reports on the conduct of monetary policy. As part of this effort, the Committee will review issues associated with monetary policy and the state of the economy, such as developments in employment, productivity, and investment and will consider the need for updating the government's economic indicators or changing the way they are collected, disseminated or used.

*Management and Reform of the Federal Reserve System.* The Committee will conduct oversight of the operations of the Federal Reserve System, including the System's management structure, its role in providing financial services, its conduct of monetary policy, and its role as a regulator with particular attention to compliance with anti-money laundering and anti-terrorist financing laws and regulations. Special attention will be given to possible consolidation of operations, use of technology, control and oversight mechanisms, budget processes, pay and benefit levels, system-wide strategic planning, and security issues.

*Oversight of Agency Management Practices and Outcomes.* The Committee will conduct oversight of the operations of all agencies under its jurisdiction to ensure disclosure of all material assets, liabilities, and costs of operations; to review agencies' measures taken to minimize waste and inefficiency; assess the impacts of agency actions on the financial services industry; and determine if the agencies are operating at the most efficient level of resources. The Committee will require the Federal regulators to report on the state of the financial services industry in order to alert Congress to any emerging weaknesses and supervisory measures being taken to counter such weak-

nesses. The Committee will review, for appropriate action, expired and expiring authorizations relating to the agencies.

*Management of the Nation's Money: Activities of the Bureau of the Mint and the Bureau of Engraving and Printing.* The Committee will conduct oversight of the activities of these Treasury bureaus as they relate to the printing and striking of U.S. currency and coins, and of the financing and minting of circulating and commemorative coins, and of Congressional gold medals. The Committee will review the efficiency and productivity of these bureaus' manufacturing operations, as well as the appropriate size of workforces and use of facilities. The Committee will monitor the Numismatic Public Enterprise Fund and consider the need for making technical changes and removing obsolete language from its governing statute. The Committee will conduct oversight of issues relating to the circulation patterns of coins and currency, with an eye towards maximizing their availability and usefulness while minimizing the cost to taxpayers and business. In particular the Committee will focus on issues relating to the new one-dollar coin, including circulation patterns, and will continue to seek a true unit cost of production for the dollar and other coins.

*Payments System Innovations.* The Committee will review government and private sector efforts to achieve greater innovations and efficiencies in the payments system. The Committee will pay particular attention to efficiencies that could be created for business through enhancements of the types and amounts of information that accompanies electronic payments. The Committee will continue to assess the implications of new innovations in electronic money and electronic payment systems. Among the issues the Committee may examine are soundness, security, privacy, access to new electronic payment methods, eligibility criteria for issuing new payment methods, competing government regulation, threats posed to critical infrastructures such as the payments system, and new-technology methods of authenticating transactions and minimizing fraud.

*Remittances.* The Committee will monitor industry and government progress towards developing a robust, secure, transparent, and inexpensive method by which immigrants may send modest amounts of money to family members in their native countries.

*Counterfeiting.* The Committee will continue its review of efforts to detect and combat the counterfeiting of U.S. coins and currency in the United States and abroad. Particular attention will be paid to anti-counterfeiting successes by the United States Secret Service and to ways those efforts can be made even more effective. The Committee will examine U.S. anti-counterfeiting law with an eye towards modernizing it, and will examine the integrity of other countries' curren-

cies, including counterfeiting of those currencies, to monitor any threats posed to the U.S. or world economies.

*Technology and Compliance Monitoring at the Financial Crimes Enforcement Network.* The Committee will monitor the establishment and maintenance at the Financial Crimes Enforcement Network (FinCEN) of the BSA Direct program to allow secure Internet filing of forms by and notification of institutions as required in anti-money laundering and anti-terrorist financing legislation, as well as FinCEN's development of a proprietary e-filing, data warehousing and data-interpretation technology. The Committee also will monitor FinCEN's efforts at establishing a robust Office of Compliance to monitor, enhance and encourage compliance with anti-money laundering and anti-terrorist financing legislation and regulations. Special attention will be given to FinCEN's efforts to attract and maintain top-qualified personnel.

*Critical Infrastructure Protection and Cyber-security.* The Committee will monitor private-sector and government-wide efforts to protect critical financial infrastructure, both physical structures and the infrastructure that support them — such as power, transportation systems — as well as telecommunications and computer systems that enable the functioning of our financial institutions and of the markets. The Committee will monitor interagency coordination on protection issues as well as threat assessment.

*Economic Security.* The Committee will explore the need for Federal economic and financial regulators to prepare for and provide a coordinated response to economic events that could threaten the Nation's economic security.

*Development of Economic Opportunities.* The Committee will review economic development programs under the Committee's jurisdiction, including programs administered by the Appalachian Regional Commission, the Economic Development Administration, and the Delta Regional Authority. Reauthorization will be considered when appropriate.

*Diversity in the Financial Services Industry.* The Committee will continue to explore the financial services industry's efforts to attract and maintain a diverse workforce, and its efforts to enhance access to capital for minority- and women-owned firms.

*Modernization of the Defense Production Act.* The Committee will review the Defense Production Act and an ongoing inter-agency study of the 50-year-old legislation with an eye toward eliminating obsolete language and undertaking any reforms necessary to keep the legislation available as a useful tool to protect national security in the 21st Century.