

March 30, 2021

The Honorable Janet Yellen
Secretary
United States Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

Dear Secretary Yellen:

We write regarding your March 23, 2021 testimony to the Committee on Financial Services and in your capacity as Chairperson of the Financial Stability Oversight Council (FSOC). FSOC recently announced a meeting on March 31, 2021 to discuss “climate change and its potential impacts on financial stability,” among other topics.¹ While FSOC plays a role in understanding the emerging risks associated with climate change and its connection to our financial system, the Council should ensure such discussions are free from political agendas and focus on policies that protect the stability of the financial system.

The Dodd-Frank Wall Street Reform and Consumer Protection Act makes clear FSOC’s responsibilities are limited to identifying risks to the financial stability of the United States; promoting market discipline; and responding to emerging risks that may impact the stability of the U.S. financial system. Pursuant to its mandate, FSOC should thoroughly review the extent to which climate change poses a risk to the financial system. The alternative—a rushed decision in response to political pressure—could have far reaching and unintended harmful consequences. FSOC’s role with respect to identifying and mitigating risks to the country’s financial stability is properly focused on strengthening the resiliency of the system, not regulating private lending or investment decisions.

To that end, we respectfully request that you provide this Committee with a report within 30 days of the meeting. The report should include a summary of the meeting, to include the portion of the meeting held in executive session, and describe any next steps FSOC decides are necessary, including directives to the Federal Reserve Board, the Prudential Regulators, the Securities and Exchange Commission, the Federal Housing Finance Agency, and the Consumer Financial Protection Bureau. If you have any questions about this request, please contact Jon Skladany of the Committee’s minority staff at (202) 225-7502.

Sincerely,

¹ Dep’t of the Treasury Press Release (Mar. 25, 2021), <https://home.treasury.gov/news/press-releases/jy0081>.



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cc: The Honorable Maxine Waters, Chairwoman