

## PROPOSED RULE ON TREASURY'S ASSESSMENT PROGRAM

*The Dodd-Frank Wall Street Reform and Consumer Protection Act directs the Department of the Treasury to establish, by regulation, a schedule to collect assessments equal to the total expenses of the Office of Financial Research (OFR), the Financial Stability Oversight Council (Council) and expenses associated with implementation of the Federal Deposit Insurance Corporation's (FDIC) orderly liquidation authorities. The proposed rule, which has been approved by the Council, outlines the key elements of the assessment program, which will collect semi-annual assessment fees beginning on July 20, 2012. Collected assessments will be placed into the Financial Research Fund established by the Act. The proposed rule will be open for public comment for 60 days.*

### **The Proposed Assessment Program**

- The proposed rule, as approved by the Council, outlines how the Treasury's assessment fee program would be administered, including how Treasury would:

***Determine which companies will be subject to an assessment fee:*** The companies subject to assessment are U.S. bank holding companies with at least \$50 billion in total consolidated assets, foreign banking organizations with at least \$50 billion in total consolidated assets in U.S. operations, and nonbank financial companies required to be supervised by the Federal Reserve Board.

***Estimate the total expenses necessary to carry out the activities covered by the assessment:*** Assessments will be made semiannually to cover expenses for the OFR and Council, as well as certain FDIC expenses. Specifically, each assessment will replenish the Financial Research Fund to a level equivalent to six months of operating expenses and 12 months of capital expenses for the OFR and Council, as well as certain covered FDIC expenses. Initial assessment amounts will be dependent on the budgeted expenses included in the President's FY 2013 Budget.

***Determine the assessment fee for each of these companies:*** Assessments will be calculated by applying a flat rate to the total consolidated assets of a company (or, in the case of a foreign banking organization, the total assets of the FBO's combined U.S. operations, as determined by Treasury). The pool of total assessable assets as of June 30, 2011 is \$18.1 trillion. Each company will be assessed as a percentage by the following formula:

$$(\text{Total Assessable Assets}) \times (\text{Rate}) = \text{Semiannual Assessment Fee}$$

The rate will be established about one month prior to the collection date.

***Bill and collect the assessment fee from these companies:*** Assessed companies will be notified that they will be subject to assessment no later than 30 days prior to the first day of a semiannual assessment period. Treasury will electronically bill and collect the assessment fee amount from each company.

## **A Simple and Transparent Approach**

- Treasury's proposed assessment schedule is simple and transparent. The goal is to allow assessed companies to reasonably estimate the assessment before it is due.
- Treasury will issue a final rule after considering all comments received during the 60-day comment period. The final rule will be issued no later than the end of May 2012. Shortly after issuing the final rule, Treasury will notify those companies that will be subject to the initial assessment, which will cover expenses for the time period July 21, 2012 – March 31, 2013.
- The assessment rate will be announced in June 2012. In early July, the companies subject to an assessment will be billed. The first payment will be due on July 20, 2012.

## **Accountability and Oversight Across the Financial System**

- Wall Street Reform legislation was designed to address the key failures in our financial system that precipitated and prolonged the financial crisis. In this context, the statute created the Council and the Office of Financial Research.

***The Financial Stability Oversight Council:*** As established under the Dodd-Frank Act, the Council will provide, for the first time, comprehensive monitoring to ensure the stability of our nation's financial system. The Council is charged with identifying threats to the financial stability of the United States; promoting market discipline; facilitating information sharing and coordination among member agencies, and responding to emerging risks to the stability of the United States financial system.

***The Office of Financial Research:*** The OFR was created to improve the quality, transparency, and accessibility of financial data and information; to conduct and sponsor research related to financial stability; and to promote best practices in risk management. These data and analytical capabilities will help policymakers and regulators, including the Council, to promote financial stability and enhance market discipline. Data standardization will also help financial firms, which currently rely on multiple data standards and systems, to realize cost savings, transactional efficiencies and operational simplicity.