

Strategic Framework
Office of Financial Research

FY2012 - FY2014

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Introduction

In establishing the Office of Financial Research (OFR or Office), the framers of the Dodd-Frank Wall Street Reform and Consumer Protection Act, Public Law 111-203 (Dodd-Frank Act) recognized the need for better data and better analysis to help the Financial Stability Oversight Council (Council) and market participants assess and respond to threats to financial stability.

Of course, there will always be a fundamental uncertainty about the source of such threats. But better data and analysis can support the design of stronger financial shock absorbers and guardrails to reduce the risk of crises. They can also support earlier warning and effective responses to mitigate the effects of crises when they do occur and help draw lessons for the future.

This strategic framework takes as its foundation the statutory mandates from the Dodd-Frank Act. It outlines a mission, goals, objectives and implementation priorities that will help to ensure that the OFR's efforts and investments are well targeted. It reflects substantial consultations in the period since enactment of the Dodd-Frank Act with a full range of stakeholders, including Council members, their agencies and staff, members of Congress, industry representatives, as well as academics, financial authorities, and other researchers.

An effective strategic framework involves adapting to changing circumstances, and the OFR must be nimble to achieve its mandate. The financial environment will continue to change rapidly, partly in response to an evolving regulatory architecture in the United States and around the globe. The OFR will confront uncertainties inherent to new organizations undergoing rapid growth and change. Thus, this first articulation of the OFR strategic framework covers a shorter horizon than would be expected for a mature organization and frequent reviews and validation will be appropriate. The OFR will adapt this framework as necessary and undertake a first review in no later than two years.

Purpose and Duties

As set forth in Section 153(a) of the Dodd-Frank Act, the OFR is to support the Council and member agencies by:

- (1) collecting data on behalf of the Council, and providing such data to the Council and member agencies;
- (2) standardizing the types and formats of data reported and collected;
- (3) performing applied research and essential long-term research;
- (4) developing tools for risk measurement and monitoring;
- (5) performing other related services;
- (6) making the results of the activities of the Office available to financial regulatory agencies; and
- (7) assisting such member agencies in determining the types and formats of data authorized by this Act to be collected by such member agencies.



*E*stablishing the OFR

The Dodd-Frank Act established the OFR within the Treasury Department as part of a broader financial reform effort to address weaknesses that the financial crisis laid bare.

The OFR's mission recognizes its mandate to provide the Financial Stability Oversight Council, its agencies, and the public with more and better data and analysis to help identify, monitor, and evaluate threats to financial stability.

*G*oals and *O*bjectives

Consistent with the Dodd-Frank Act, the OFR has established five strategic goals that together would strengthen understanding by OFR stakeholders of a rapidly changing financial landscape:

1. Support the Council through the secure provision of high-quality financial data and analysis needed to monitor threats to financial stability
2. Develop and promote data-related standards and best practices
3. Establish a center of excellence for research on financial stability and promote best practices for financial risk management
4. Provide the public with key data and analysis, while protecting sensitive information
5. Establish the OFR as an efficient organization and world-class workplace

*M*ission

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.

OFR Stakeholders

- *Council members, their agencies, and staff*
- *The Congress and the public*
- *Other financial authorities, both foreign and domestic*
- *Market participants, both as providers of data and beneficiaries of the OFR's data and analysis*
- *Research communities, including academics and think tanks in the US and abroad*
- *OFR staff for opportunities to contribute and grow in an environment that supports excellence*



Goal 1—Support the Council through the secure provision of high-quality financial data and analysis needed to monitor threats to financial stability

Specific objectives under this goal are to:

- Provide research and analytical support to Council members, their agencies and staff to:
 - ❖ Monitor and interpret how financial market developments affect financial stability; and
 - ❖ Help them improve regulation of financial entities and markets.
- Serve as a secure Council-wide data utility.
 - ❖ Collect data on behalf of the Council and provide it to Council members, their agencies and staff where such data are essential to monitoring threats to financial stability and where they are not otherwise collected. Consistent with statute, this will include collecting, in coordination with the primary financial regulatory agency and in consultation with the Council, financial transaction and position data.
 - ❖ Provide Council members, their agencies and staff with timely access to financial data and metrics under rigorous data sharing and security protocols.
 - ❖ Reduce the reporting burden on financial institutions:
 - Coordinate data requests among Council member agencies with increasing reliance on standard identifiers and definitions, where possible; and
 - Sponsor shared data procurement and data management among Council member agencies to reduce duplication.
 - ❖ Enhance the quality and consistency of financial data available to Council member agencies:
 - Validate collected financial data; and
 - Assist Council members, their agencies and staff through direct data services and technical support.
 - ❖ Establish and maintain a catalog of the financial entities and instruments reported to the OFR.

Goal 2—Develop and promote data-related standards and best practices

Specific objectives under this goal are to:

- Facilitate, in collaboration with a broad range of stakeholders, the establishment of global data-related standards to improve data quality and scope, while also reducing costs of reporting for both financial market participants and Council member agencies.
- Assist Council member agencies in defining standards and best practices for data collection and management.



Goal 3—Establish a center of excellence for research and analysis on financial stability and promote best practices in risk management

Specific objectives under this goal are to:

- Conduct and sponsor research to identify, monitor, and evaluate threats to financial stability, analyze disruptions as they occur, and to identify lessons learned thereafter.
- Evaluate and report on stress tests or other stability-related evaluations and provide advice on the impact of policies related to systemic risk.
- Promote best practices in financial risk management through evaluation of existing methods and governance, as well as development and promulgation of new methods.
- Establish forums for collaboration with outside stakeholders on these initiatives.

Goal 4—Provide the public with key data and analysis, while protecting sensitive information

Specific objectives under this goal are to:

- Increase the transparency and distribution of research on the financial system, while safeguarding sensitive information, by publishing financial analysis, data and information. Publications will include:
 - ❖ Analytical reports, including an Annual Report to Congress and working paper series;
 - ❖ A financial company reference database;
 - ❖ A financial instrument reference database; and
 - ❖ Formats and standards for data required by the OFR.
- Testify on OFR activities and the OFR's assessment of significant financial market developments and potential emerging threats to financial stability.

Goal 5—Establish the Office of Financial Research as an efficient organization and world-class workplace

The key objectives under this goal are to:

- Build an effective workforce environment;
- Engage the workforce to achieve organizational success; and
- Support the OFR's mission in a cost-effective manner.



Implementation Priorities

Building from progress to date and consistent with a core set of operating principles, the OFR is:

- Ramping up its services to Council members, their agencies and staff;
- Beginning to publish OFR data and analysis;
- Accelerating work to establish the secure information technology platforms and business systems critical to achieving its mission; and
- Continuing to reinforce its institutional infrastructure.

Progress to date and priorities for the coming period are detailed below, including the specific priorities for the Data Center and Research & Analysis Center.

Data Center

The Dodd-Frank Act established the Data Center within the OFR to collect, validate, and maintain data from Council member agencies, publically available data sources, and financial entities. Working together with the Research & Analysis Center, the Data Center has begun to provide analytical and data-related services to the Council and its member agencies, for example, through support for the Council's Annual Report on financial stability, as well as data and analysis related to designation of nonbank financial companies for consolidated supervision by the Federal Reserve Board. The OFR has also supported the establishment of the Council Data Committee as a forum to discuss data-related issues among member agencies and is creating an inventory of Council data to support better coordination and reduced redundancies in data collection efforts.

OFR Operating Principles

This core set of principles defines the characteristics the OFR strives to achieve:

- *Striving for excellence:* establish a reputation for world-class quality, objectivity, integrity, and impact related to research, data standards and data management practices;
- *Innovative:* expand boundaries of knowledge and technique to enhance understanding, identification, measurement, and management of threats to financial stability;
- *Transparent:* support and encourage publication of data, tools and research while ensuring sensitive data is strictly protected, and partner with regulatory, industry and academic experts, both domestically and internationally, to serve the needs of the Council and the public;
- *Efficient:* serve the needs of OFR stakeholders in a cost-effective manner and support efficiencies in data collection by only requesting data not already available; and
- *Multidisciplinary:* draw upon a full range of methodologies from the social sciences, technical disciplines, and industry practices to apply the best technique to a given task.



A key early initiative of the OFR has been its work with policymakers, regulators, and the private sector on establishing a global Legal Entity Identifier (LEI) –work that contributed to the November 2011 G-20 Leaders endorsement in Cannes of a Group of Experts to establish the governance for an LEI. The initiative—driving toward one global standard to uniquely identify parties to financial transactions—will support better understanding of true exposures and interconnections among and across financial institutions and markets. This should improve the ability of both regulators and market participants to mitigate threats to the financial system.

An early priority for the Data Center has been to build the informational infrastructure needed to deliver on the OFR’s data-related and analytical mandates. This requires the establishment of secure analytical and database platforms, implementation of sound business systems, and the steady expansion of data acquisition—through both shared procurement and efficient collection from financial institutions, consistent with the need to avoid duplicative and unnecessary requests. The OFR recognizes both the importance of rapid progress and the need to ensure that investments in information technology and business processes, infrastructure, and security structures are well-designed and cost-effective. To meet these twin needs, the OFR is establishing a secure short-term data and analytical IT environment to meet immediate needs, while initiating the design and planning of medium-term information and security architecture. As part of these efforts, the OFR is establishing robust controls and best-practice procedures, including strong data and information security protocols.

For the remainder of FY2012, the focus of OFR efforts is to:

- Develop and begin to implement a secure database and analytical computing environment.
 - ❖ Finalize work on a short-term, secure computing environment that will be leveraged for data storage and sharing and near-term analytical needs. This environment will also serve as the foundation for a robust analytical platform to serve longer-term needs.
 - ❖ Complete pilot projects on data security and high-performance computing (utilizing appropriate best-practice expertise) to provide input into the OFR’s medium-term data and analytical infrastructure, while also supporting near-term outputs.
 - ❖ Taking these pilots on board, complete the initial design of a secure computing and data storage architecture and initiate implementation as soon as late 2012. Additional validation—including from information technology and data experts, as well as from data end-users—will be critical both prior to implementation and at multiple stages of the implementation process.
 - ❖ Establish access, initially for Council members, their agencies and staff, to a preliminary set of selected financial data and metrics.
 - ❖ As a first step in supporting data coordination among Council member agencies, inventory financial data held by these stakeholders.



- ❖ Continue to acquire the data necessary to support the Council’s designations process and other needs of Council members, their agencies and staff, and initiate secure data provision for the OFR Research & Analysis Center.
- ❖ Continue to support the Data Committee of the Council as a forum for collaboration on data-related issues, including assistance on prioritizing OFR data initiatives and establishment of data sharing protocols.
- Promote and strengthen standards for financial data.
 - ❖ Continue to play an active role in building consensus for and facilitating adoption of a global LEI, including through the support of a Financial Stability Board experts group established in December 2011 to move the LEI forward and continued work with U.S. financial regulators—such as the Securities and Exchange Commission and Commodity Futures Trading Commission—on incorporation of the LEI into their rulemaking.
 - ❖ Work with public and private partners, both domestically and internationally, to identify and prioritize gaps in financial data standards beyond LEI where standardization would improve data quality, the ability to aggregate, risk management standards, and the exchange of data among Council members.

Research & Analysis Center

The Research & Analysis Center was established within the OFR by the Dodd-Frank Act to develop and maintain independent analytical capabilities and computing resources to monitor, investigate, and report on risks to financial stability. As noted above, the OFR has begun to provide analytical support to the Council and its member agencies. In addition, it launched a Research Seminar Series last fall and a Working Paper Series in January, with its first Annual Report to Congress to be provided this summer. The OFR has also begun to build a virtual community of researchers, academics, and practitioners that can collaborate on its research.

Achieving the OFR’s mission will ultimately require new methods for measuring, analyzing, and representing conditions in the financial system, with special emphasis on leverage, maturity, liquidity, credit transformation, and linkages within and between the financial system and economic activity. Advancing research in the areas highlighted below will be an iterative process as the OFR’s analytical infrastructure is developed, data are collected, and requirements are refined, with activities focused on:

- For the benefit of the Council and broader stakeholders, proactive monitoring and reporting on the system-wide risk levels and patterns, through, for example, recurring narrative reports that explain the state of and threats to the financial system (including the OFR’s annual report), and related studies examining particular risks to financial stability, risk management methods and tools, and relationships between financial and other economic activities;
- Contributions to rapid response analytics on significant financial events;



- Forensic analyses of significant events affecting financial stability;
- Evaluations of stability-related assessments and advice on the impact of policies aimed at promoting financial stability, looking across the entire financial system. Examples might include stress-testing and related capital and liquidity planning exercises, tools that influence funding and market liquidity and the connections between them, and tools to limit leverage and maturity mismatches;
- Promotion of best practices in risk management through the development and promulgation of methods to measure risks, including liquidity risk, counterparty risk, market risk and credit risk; the evaluation of methods in current use, considering their effectiveness at the individual firm and systemic level and their potential effects on the broader financial system; and collaboration with regulators, industry participants, and academics to highlight and advance good governance of the risk management function in financial firms;
- Conferences, colloquia, and seminars on issues related to financial stability and risk management; and
- An online resource for researchers, including OFR Working Papers and tools for risk analytics.

During FY2012, key priorities include work to:

- Develop the capacity to conduct, coordinate, and sponsor initial research including by:
 - ❖ Collaborating with the Council to develop and maintain a “dashboard” of metrics and indicators related to financial stability initially drawn from previous academic research and supported by the Data Center;
 - ❖ Responding to research requests on regulatory impact from member agencies; and
 - ❖ Conducting broader studies and providing advice on the impact of policies related to threats to financial stability (e.g., on funding markets and interconnections across the financial system).
- Develop and disseminate analyses of risk management tools that may include such topics as stress testing, contingent capital, robust risk measurement, methods for quantifying counterparty risk in derivatives markets, and models of risk propagation through financial linkages.
- With the OFR Data Center, launch vehicles for collaboration and publication of data and analysis on financial stability:
 - ❖ Publish the OFR’s first Annual Report on or before July 2012;
 - ❖ Publish additional research and data on issues related to threats to financial stability, including through the OFR Working Paper Series;
 - ❖ Building from the December 2011 OFR-Council Conference, “The Macroprudential Toolkit: Measurement and Analysis,” support public-private dialogue on issues relevant to the OFR’s mandate; and



- ❖ Expand the Research Seminar Series.

Building the OFR

The OFR has made substantial progress in building the initial institutional functions to support its core missions. A key upfront objective was to define the scope of the OFR's mission, starting from the foundation established in the legislation and building through outreach and broad-based consultations. Establishing an initial organizational and workforce plan, as well as operational processes and controls, have also been priorities. Foundational work on the OFR's human resources strategy was articulated in the OFR's first report to Congress on these issues in September 2011. The OFR has made substantial progress in filling key management positions, made early inroads in broader staffing, and begun to build working relationships with outside thought leaders. In September, the Department of the Treasury, with the concurrence of the Office of Government Ethics, issued an interim rule establishing post-employment restrictions for OFR employees with access to sensitive data, as required by the Dodd-Frank Act. Work on the OFR's Washington facility is also well advanced.

The OFR is continuing to build the organizational structures, processes, and controls needed to support strategic decision-making, ensure efficient use of resources, and support transparent performance measurement and responsiveness to external review. Priorities for FY2012 include:

- Attract and retain the highly trained, experienced staff needed to fulfill the OFR's mission.
 - ❖ Further elaborate OFR human resource plans for recruitment and retention (including through an OFR Fellowship Program), training and workforce development, and workforce flexibility. Report on progress to Congress, consistent with requirements under the Dodd-Frank Act.
 - ❖ Continue active recruitment to build expertise across the range of needed competencies.
- Create an advisory committee of leading researchers, academics, data managers and IT experts to help the OFR identify issues, evaluate work product, and recruit talent.
- Establish a sound strategic and operational framework.
 - ❖ Expand initial policies and procedures to support sound and efficient operations and rigorous internal controls.
 - ❖ Link programmatic, human resources, and budgetary decision-making to the OFR's strategic framework, including through an OFR program management function.
 - ❖ Develop performance measurement and risk management systems appropriate to a maturing organization.
- Continue to address OFR facilities requirements.
- Ensure that the OFR operates on a sound financial footing.
 - ❖ Assist in preparations for a Treasury rule to establish a permanent financing source for the OFR through assessments on certain financial institutions.



Table 1: Summary of Goals, Objectives, and FY2012 Implementation Priorities

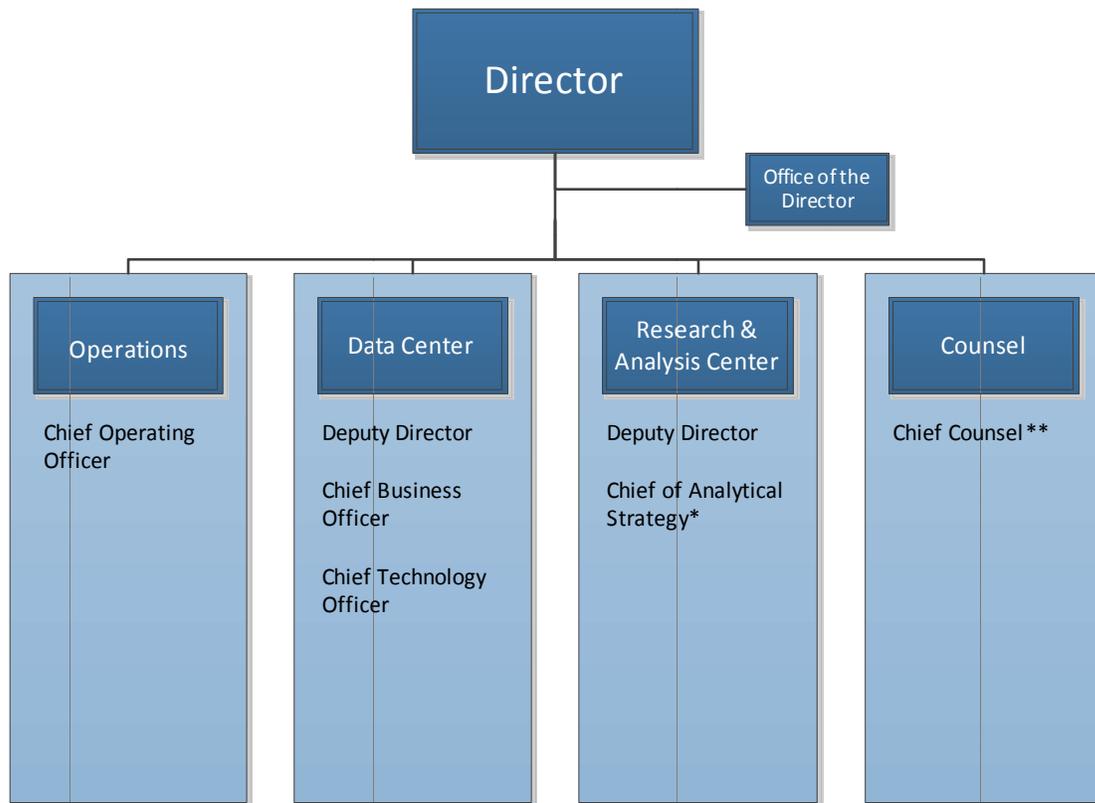
Goals	Objectives	FY2012 Implementation Priorities
Council Support	<ul style="list-style-type: none"> • Analytic Support • Council-wide Data Utility <ul style="list-style-type: none"> ○ Collect necessary data ○ Promote efficiency and security in data acquisition ○ Enhance data quality and consistency ○ Catalog financial entities and instruments 	<ul style="list-style-type: none"> • Respond to Council research requests focusing initially on designation issues • Develop and begin to implement a secure analytical environment • Establish timely access to initial financial data and metrics <ul style="list-style-type: none"> ○ Deliver initial Council-wide data inventory ○ Maintain “dashboard” of metrics/flexible graphics ○ Undertake initial data acquisition ○ Support Council Data Committee
Promotion of Data-Related Standards	<ul style="list-style-type: none"> • Facilitate establishment of data-related standards • Assist Council in defining standards and best practices for data collection 	<ul style="list-style-type: none"> • Facilitate adoption of a global LEI • Identify additional standards to enhance data processing efficiencies
Center for Research	<ul style="list-style-type: none"> • Conduct and sponsor research on financial stability • Promote best practices in risk management • Facilitate coordination and joint research 	<ul style="list-style-type: none"> • Conduct studies on impact of policies related to financial stability • Develop and disseminate analyses of risk management tools • OFR-Council Conference: <i>The Macroprudential Toolkit: Measurement and Analysis</i> • Research Seminar Series
Public Information	<ul style="list-style-type: none"> • Publication of analytical reports, data and related information including reference databases and formats/standards for data • Annual Testimony 	<ul style="list-style-type: none"> • OFR Annual Report • OFR Working Paper Series
Building the OFR	<ul style="list-style-type: none"> • Effective management of human and financial capital 	<ul style="list-style-type: none"> • Elaborate strategies to attract and retain talent, including through OFR Fellowship Program • Create Advisory Committee of leading researchers academics, data managers and IT experts • Continue to build a sound strategic and operational framework • Address OFR facility requirements • Assist in rulemaking to establish permanent financial source



Appendix One: OFR Organization and Workforce Plan

Roles and Responsibilities

The OFR’s organizational structure takes as its starting point the requirements set out in the Dodd-Frank Act, including with respect to the role of the Director and the mission of the Data Center and Research & Analysis Center. The organization also recognizes the importance of a “one-organization” approach—with close coordination in the work of the Data and Research & Analysis Centers.



*Reports to OFR Director

**Reports to Treasury General Counsel

Director

The OFR Director, appointed by the President, with the advice and consent of the Senate, provides overall leadership, direction, and representation for the OFR. The Director also serves as a non-voting member of the Council. Key duties, as stipulated under the Dodd-Frank Act, include:

- In consultation with the Chairperson of the Council, establishing the OFR’s budget, as well as the size of and compensation for OFR staff.
- Reporting to and testifying before the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of



Representatives annually on the activities of the Office, including the work of the Data Center and the Research and Analysis Center, and the assessment by the Office of significant financial market developments and potential emerging threats to the financial stability of the United States. The OFR Director's testimony is not subject to prior review by any office or agency and shall state that the views expressed are those of the Director.

- Requiring from a financial company, by subpoena, the production of data not elsewhere available, where necessary to carry out the functions of the OFR, after coordinating with the relevant primary financial regulatory agency.
- Ensuring that data collected and maintained by the Data Center are kept secure and protected against unauthorized disclosure.
- Ensuring that all other requirements for the OFR under the Dodd-Frank Act are fulfilled.

Data Center

Deputy Director, Data Center:

The Deputy Director of the Data Center reports to and advises the Director of the OFR, liaises with stakeholders, and directs the full range of operations of the OFR's Data Center, covering business operations, information technology, as well as OFR-wide program management. In this context, the Deputy Director provides strategic guidance to prioritization of activities and investments required to fulfill the OFR's mission as it relates to secure data collection and management, data standards, and data services to the Council and broader stakeholders.

Chief Business Officer:

The Chief Business Officer (CBO) reports to and advises the Deputy Director of the Data Center, liaises with stakeholders, and manages the Data Center business groups on data management and analytical operations. In this context, the CBO coordinates closely with the Deputy Director of Research & Analysis, the Chief Technology Officer and the Chief Operating Officer.

The CBO directs data identification, acquisition, management and distribution to the Council and broader stakeholders, as appropriate. The CBO assists in the identification and development of data-related standards required to analyze threats to financial stability.



Chief Technology Officer:

Reporting to the Deputy Director of the Data Center, the Chief Technology Officer (CTO) provides leadership and advice to senior management of the OFR on the use and management of information technology to support achievement of the OFR's mission. This function directs and manages the technical build of the Data Center and the maintenance of information security policies and control mechanisms.

The CTO function includes the governance and management of IT services through a sound, secure, and integrated information technology architecture and roadmap for the OFR. The roadmap ensures that systems architecture, standards and protocols provide an efficient, innovative, and secure environment to house and disseminate the OFR's information assets as appropriate to support the OFR mission.

Research & Analysis Center

Deputy Director, Research & Analysis:

The Deputy Director of Research & Analysis reports to and advises the Director of the OFR, liaises with stakeholders, and directs the full range of operations of the OFR's Research and Analysis Center.

The Deputy Director of Research & Analysis sets out the strategic priorities and overall direction for the Research and Analysis Center, in close consultation with the Director. The Deputy Director is also responsible for oversight of research staff and of programs for collaboration with the outside research community.

Chief of Analytical Strategy:

The Chief of Analytical Strategy (CAS) reports to and advises the Director of the OFR and supports a broad range of analytical and operational functions related to the OFR's research function, in coordination with the Deputy Director of Research & Analysis and the Deputy Director of the Data Center.

The CAS directs the design, development and delivery of comprehensive, integrated analytical strategies and implementation plans on critical issues having broad impact on research programs and activities. The CAS also supports, in close collaboration with the Deputy Director of Research & Analysis, the management of the OFR's research functions, including definition of strategic analytical priorities and resulting data acquisition requirements, as well as plans for recruitment, outreach and collaboration with outside experts.



Support Offices

Chief Operating Officer

The Chief Operating Officer (COO), reporting to and advising the Director of the OFR, is responsible for overall allocation, management, and oversight of resources to achieve the OFR's mission and, in collaboration with OFR senior management, for the establishment of programs supporting the stand-up of the OFR.

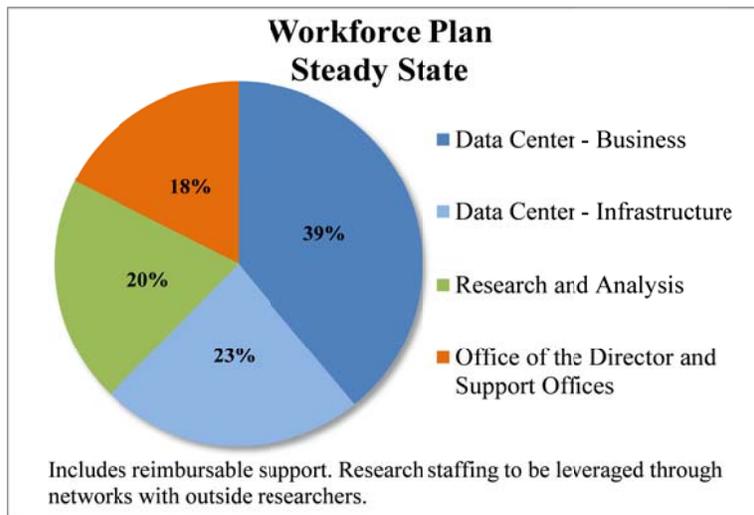
The COO oversees OFR-wide communications, strategic planning and performance measurement and has broad responsibilities for establishing and overseeing implementation of the OFR's governance framework, including internal OFR operational policies, procedures, and controls. The COO oversees, in collaboration with the Treasury Department's Assistant Secretary for Management, the human resources, procurement, facilities, and financial management of the OFR.

Chief Counsel

The Chief Counsel serves as chief legal advisor to the Director of the OFR and directs all legal activities of the OFR, reporting to Treasury's Office of the General Counsel. In this capacity, the Chief Counsel coordinates legal issues with the legal counsel for the Council as related to the OFR's work and data collection performed for the Council.

Workforce Plan

The OFR has put in place an initial workforce plan to build the capabilities needed to achieve its mission. The plan recognizes the broad range of core competencies required by the office, including data management and analytics, data standardization and best practices, information technology, macroeconomics, financial market and institution analysis, statistics



and risk management, and applied sciences, as well as program management, legal services, communications, strategy, and resource management. The Dodd-Frank Act emphasized use of efficient and innovative structures to attract and retain needed talent, including fellowships and partnerships with outside experts. The OFR has put in place an ambitious but achievable plan to build to steady state staffing levels (approximately 275-300 staff) within the next twenty-four to thirty-six months.



Appendix Two: Governance, Transparency, and Oversight

The OFR was established within the Department of the Treasury, Departmental Offices. In this context, Treasury's Assistant Secretary for Management supports the OFR through operational controls and procedures related to, *inter alia*, financial management, procurement, and human resources.

The OFR consults closely with the Treasury Secretary, including in his role as Council Chairperson, and other senior Treasury officials on strategic issues related to the OFR stand-up, including through participation in regular meetings on the Dodd-Frank Act's implementation chaired by the Deputy Secretary of the Treasury. The OFR also consults closely with the Council, as detailed below.

The OFR and the Council

The primary function of the OFR is to support the FSOC and its member agencies in fulfilling their duty to promote financial stability and enhance market discipline. To do so, the Director of the OFR will work closely with the Chairperson of the FSOC (the Secretary of the Treasury).

The OFR serves as a data and research resource for the FSOC and its member agencies and works with those agencies to reduce reporting burdens and increase market transparency. In this context, the OFR serves as a shared resource for Council members, their agencies and staff. It is unique among those agencies because its primary mission is to analyze threats to the stability of the overall financial system, and because it has the authority to collect information, where needed, from any U.S. financial company. The OFR has a responsibility to evaluate and report on stress tests and other stability-related assessments of financial entities overseen by member agencies, provide advice to member agencies on the impact of their policies as they relate to financial stability, investigate disruptions and failures in the financial markets, and provide its analysis to the Council, Congress, and the public.

The OFR works closely with Council staff, who support policy discussions among and recommendations by the Council, e.g., at Council Committee meetings, through Council work streams, and in the Council's annual report. The OFR provides data and analysis to support that work, either as a participant or in response to requests from Council members, their agencies and staff. The OFR will have the capacity to provide in-depth, long-term research as well as rapid analyses of significant financial events to inform the policy debate that Council staff will coordinate.



Financial Management and Human Resources

The OFR budget is set by the Director, in consultation with the Chairperson of the Council. OFR financial management follows Treasury protocols, and the OFR's financial activities and controls are reviewed as part of the broader audit of Departmental Offices within the Treasury. Information on the OFR budget is published as part of the President's Budget. The OFR is also assisted in the preparation of a Treasury rule to establish a permanent financing source for the OFR through assessments on certain financial institutions.

Internal OFR budget formulation, execution and control procedures, including regular reporting and review, have been established and are being further refined to reinforce sound fiscal management and to control costs. Specific policies and procedures relevant to resource allocation (e.g., training) are being further elaborated, building from existing Treasury guidance, where appropriate.

Initial human resources policies have been established for the OFR, building from existing Treasury guidance, as amended to reflect statutory requirements for the OFR. Treasury-based controls for OFR hiring are being executed to support sound implementation, and tracking systems for hiring and staffing (based on the OFR's workforce plan) have been established and are being further refined to support internal OFR monitoring.

Program Management

The OFR is committed to establishing and maintaining strict and transparent processes for ensuring its resources are effectively assigned and its activities are well directed to support achievement of its strategic goals and requirements under the Dodd-Frank Act. An initial framework for project-related decision making, tracking and review has been established, which will help to maintain strong links between OFR investments and activities and its strategic goals and Dodd-Frank Act requirements.

The OFR Program Management Office (PMO) administers the project management function. To facilitate project tracking through all stages of implementation, the PMO is building and maintaining a comprehensive inventory of programs, projects, and activities.

During FY2012, the OFR will also create initial operational metrics to measure the organization's performance.

Information Security

Effective execution of the OFR's mission depends on the development and implementation of best-practice information and data management systems, including strong security controls and well-defined data distribution protocols. Establishment of



robust access control systems and policies, as well as data-sharing protocols with Council members and other OFR stakeholders, are priorities for FY2012.

Transparency & External Evaluations

The OFR recognizes the need for transparency in its operations and financing. As noted, information on the OFR budget is published as part of the President's Budget, and information regarding the OFR's strategic framework and performance monitoring will also be published. Publications related to the OFR's core operations, including the OFR Annual Report and required reports to Congress on OFR human resources, will provide additional visibility into the OFR's operations.

The OFR is also subject to external oversight and receives external input on its programs and procedures through three distinct channels:

- *Office of the Inspector General (OIG):* The OIG conducts reviews of OFR operations, providing valuable input into the OFR strategic management process. A first engagement was initiated in June 2011.
- *Government Accountability Office (GAO):* The GAO will conduct periodic reviews of the OFR. A first review covering the OFR's stand-up was initiated in November 2011.
- *Annual Testimony:* Under the Dodd-Frank Act, the OFR Director testifies before Congress annually on the activities of the Office.

