

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

March 11, 2020

The Honorable Steven Mnuchin
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Ave. NW
Washington, D.C.

Secretary Mnuchin:

We write to convey our strong concern for Americans whose livelihood have been or may soon be adversely impacted by the global spread of the coronavirus disease 2019 (COVID-19), including at least 938 confirmed cases and 29 deaths in the United States.¹ To date, the coronavirus has spread across 38 states and the District of Columbia.² The World Health Organization recently announced there have been more than 100,000 reported cases of COVID-19 in more than 100 countries,³ and today declared the global coronavirus outbreak a pandemic.⁴ This situation has implications for U.S. consumers, investors, the financial system, and the broader economy.

As you know, the 10-year U.S. Treasury bond fell below 1 percent for the first time after the stock market experienced its worst losses since the 2008 financial crisis. The Federal Reserve made an emergency rate cut for the first time since the last crisis. Last week, Congress appropriated more than \$8 billion in emergency funds as an initial response to the crisis, more than triple the paltry amount the Trump Administration requested. As the Secretary of the Treasury, which is the designated Sector-Specific Agency (SSA) to coordinate critical infrastructure matters for the financial services sector, and as the Chair of the Financial Stability Oversight Council (FSOC), we are writing to learn what steps the Department and FSOC are taking to address this growing crisis.

It is troubling that FSOC, under your leadership, has not been more responsive to the crisis. According to FSOC's website, the last time FSOC had an in-person meeting was on December 4, 2019,⁵ more than three months ago. While there was finally an announcement that FSOC would meet on March 23,⁶ we urge you to meet sooner to coordinate an effective response to this urgent matter. We also ask that you provide us with a detailed list of actions FSOC and its member agencies are taking to be responsive to this crisis and mitigate any potential threats these developments may cause to financial stability and the economy.

¹ Center for Disease Control and Prevention (CDC), *Coronavirus Disease 2019 (COVID-19) in the U.S.*, last updated Mar. 11, 2020.

² *Id.*

³ World Health Organization, *WHO Director-General's opening remarks at the media briefing on COVID-19* (Mar. 9, 2020).

⁴ Natasha Khan, Talal Ansari and Bojan Pancevski, *Coronavirus Declared Pandemic by World Health Organization* (Mar. 11, 2020).

⁵ <https://home.treasury.gov/policy-issues/financial-markets-financial-institutions-and-fiscal-service/fsoc/council-meetings>

⁶ Jesse Westbrook, *Treasury Holds Call With Fed and SEC on Virus-Fueled Volatility*, Bloomberg (Mar. 10, 2020)

In addition, the Treasury Department has been tasked to lead the government's response on critical infrastructure issues for the financial services sector. In 2007, the Treasury Department, Financial and Banking Information Infrastructure Committee (FBIIC), Financial Services Sector Coordinating Council (FSSCC), and financial market participants organized an extensive, three week exercise testing how the financial system would be affected by a theoretical pandemic flu.⁷ Please provide a description of how lessons learned from the 2007 exercise are being applied, if at all, in this situation. Also please provide a detailed description of recent activities by Treasury's Office of Cybersecurity and Critical Infrastructure Protection to help coordinate with financial regulators and the financial industry in responding to this crisis, including implementing the Federal Financial Institutions Examination Council's (FFIEC's) updated guidance on pandemics,⁸ and promptly responding to questions not covered by the guidance, such as how banks should handle physical cash while the Federal Reserve and other jurisdictions have quarantined bank notes.⁹

Financial regulators issued a statement to encourage financial institutions to be flexible and help meet financial needs of consumers affected by coronavirus.¹⁰ It is imperative that regulators go beyond just issuing a statement, but rather take concrete steps to ensure the message is being regularly communicated to regulated entities and that FSOC members consider further actions to provide maximum assistance to the public with the tools and authorities available to them.

Moreover, the G7 Finance Ministers and Central Bank Governors released a statement last week committing "to use all appropriate policy tools to achieve strong, sustainable growth and safeguard against downside risks. Alongside strengthening efforts to expand health services, G7 finance ministers are ready to take actions, including fiscal measures where appropriate, to aid in the response to the virus and support the economy during this phase."¹¹ Please provide a detailed description of the fiscal measures that are appropriate for the United States to take, as well as a description of how you are coordinating with other countries and international organizations to address this global issue.

Finally, some in the financial industry are shamefully trying to take advantage of this predicament by pushing for further deregulation, which would be above and beyond the deregulation regulators appointed by Trump have already completed. Deregulation is not the solution to the coronavirus,¹² and we strongly urge you and FSOC members to reject these calls and focus on the crisis at hand.

⁷ FBIIC, *The FBIIC/FSSCC Pandemic Flu Exercise of 2007 After Action Report* (Jan. 2008), available at https://www.fbiic.gov/public/2008/jan/Pandemic_flu_Jan08.pdf

⁸ FFIEC, *FFIEC Highlights Pandemic Preparedness Guidance* (Mar. 6, 2020), available at <https://www.ffiec.gov/press/pr030620.htm>.

⁹ Kate Davidson and Tom Fairless, *Fed Stores Dollars Arriving From Asia as Coronavirus Precaution*, Wall Street Journal (Mar. 6, 2020), available at <https://www.wsj.com/articles/fed-delays-processing-dollar-bills-from-asia-amid-coronavirus-fears-11583512719>.

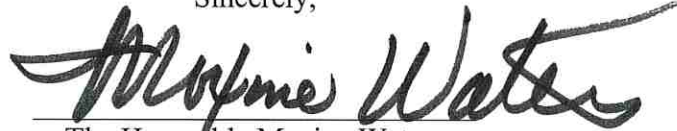
¹⁰ Federal Reserve, CFPB, FDIC, NCUA, OCC, and CSBS, *Agencies encourage financial institutions to meet financial needs of customers and members affected by coronavirus* (Mar. 9, 2020), available at <https://www.federalreserve.gov/newsevents/pressreleases/bcreg20200309a.htm>.

¹¹ U.S. Department of the Treasury, *Statement of G7 Finance Ministers and Central Bank Governors* (Mar. 3, 2020), available at <https://home.treasury.gov/news/press-releases/sm927>.

¹² Renae Merle, *Big banks want regulation eased because of coronavirus. Experts call it opportunistic*, Washington Post (Mar. 3, 2020), available at <https://www.washingtonpost.com/business/2020/03/03/banks-lobby-coronavirus/>

Please provide a written response by March 20, 2020.

Sincerely,



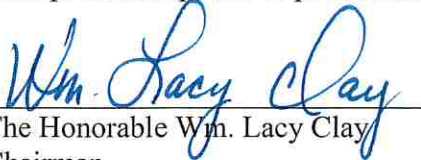
The Honorable Maxine Waters
Chairwoman



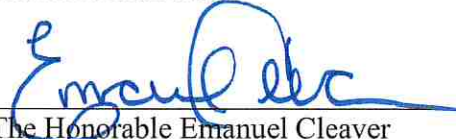
The Honorable Brad Sherman
Chairman
Subcommittee on Investor Protection,
Entrepreneurship, and Capital Markets



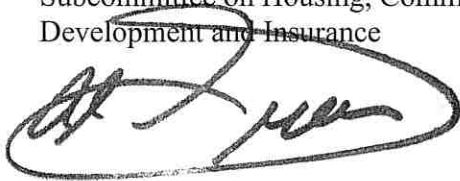
The Honorable Gregory W. Meeks
Chairman
Subcommittee on Consumer Protection and
Financial Institutions



The Honorable Wm. Lacy Clay
Chairman
Subcommittee on Housing, Community
Development and Insurance



The Honorable Emanuel Cleaver
Chairman
Subcommittee on National Security,
International Development and Monetary
Policy



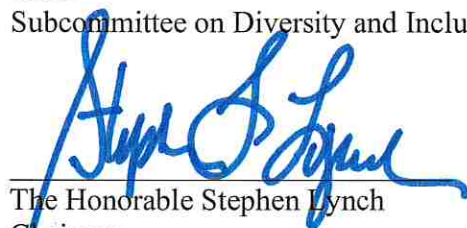
The Honorable Al Green
Chairman
Subcommittee on Oversight and
Investigations



The Honorable Joyce Beatty
Chair
Subcommittee on Diversity and Inclusion



The Honorable Bill Foster
Chairman
Task Force on Artificial Intelligence



The Honorable Stephen Lynch
Chairman
Task Force on Financial Technology