

**Statement of Senator Tim Johnson**  
**Committee on Banking, Housing and Urban Affairs**  
**“Prohibiting Certain High-Risk Investment Activities by Banks and Bank Holding Companies”**  
**February 2, 2010**

As we all know all too well, the financial crisis revealed that our financial services marketplace is desperately in need of reform. We also learned that some financial firms were participating in high risk activities, and that a number of “too-big-to fail” institutions were so interconnected that their high risk actions essentially set a series of traps in our financial services marketplace that became a serious threat to consumers, investors and the economy as a whole.

As Congress works on legislation to reform our financial system, this Committee has already identified two proposals that can help address this problem. First, better systemic risk regulation can help monitor risky activities by firms, and prevent and stop activities that could pose a threat to the economy as a whole. Second, Resolution Authority will provide a path forward if an institution fails without putting the taxpayer on the hook. These two steps are invaluable to decreasing risk in our nation’s marketplace.

In addition to these ongoing efforts, the Administration has proposed another idea to minimize economic threats to our system by prohibiting certain high-risk investment activities by banks and bank holding companies. I applaud the Chairman for holding two hearings on this proposal this week. I look forward to hearing more of the details from Chairman Volcker and Deputy Secretary Wolin today.