



BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

MICHELLE W. BOWMAN
MEMBER OF THE BOARD

April 24, 2025

The Honorable Elizabeth Warren
Ranking Member
Committee on Banking, Housing,
and Urban Affairs
United States Senate
Washington, D.C. 20510

Dear Ranking Member Warren:

Enclosed are my responses to the questions you submitted following the April 10, 2025,¹ hearing before the Committee on Banking, Housing, and Urban Affairs. A copy also has been forwarded to the Committee for inclusion in the hearing record.

Please let me know if I may be of further assistance.

Sincerely,

Michelle W. Bowman

Enclosure

¹ Questions for the record related to this hearing were received on April 16, 2025.

**Questions for The Honorable Michelle Bowman to be Vice Chairman for Supervision,
Board of Governors of the Federal Reserve System, from Ranking Member Elizabeth
Warren:**

Supervision & Regulation

- 1. In your hearing you refused to answer this question: What impact do you believe President Trump’s tariffs will have on the stability of the banking system? Please respond to it in writing.**

The U.S. banking system is strong, resilient, and well capitalized. The broader financial system is also resilient and positioned to weather potential adverse shocks. I carefully monitor a wide range of indicators of financial conditions and will remain focused on areas where vulnerabilities may be increasing or where shocks could arise.

- 2. In February, Chair Powell suggested that the existence of the Vice Chair for Supervision role “can lead to some volatility ... and that’s not great for the institutions we want to regulate.”[1] Why did Congress establish this role after the financial crisis, and do you think it should exist?**

[1] The ABA Banking Journal, “Powell: Creation of Fed vice chair for supervision led to ‘volatility’,” February 12, 2025, <https://bankingjournal.aba.com/2025/02/powell-creation-of-fed-vice-chair-of-supervision-led-to-regulatory-volatility/>.

The position of Vice Chair for Supervision was created by Congress in the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). Any changes to the position are a matter for Congress to consider.

- 3. In 2019, the Federal Reserve Board rolled back capital and liquidity rules, stress testing, resolution planning, and other safeguards for banks with \$100 billion - \$700 billion in assets.[2] The level of deregulation in this rule went beyond what was mandated by Congress in the Economic Growth, Regulatory Relief, and Consumer Protection Act. You voted for this rulemaking and praised it repeatedly. SVB, Signature Bank, and First Republic Bank, which failed in Spring 2023, were all in this size category.**

[2] Office of the Comptroller of the Currency, Federal Reserve System, and Federal Deposit Insurance Corporation, Federal Register Notice, “Changes to Applicability Thresholds for Regulatory Capital and Liquidity Requirements,” November 1, 2019, <https://www.federalregister.gov/documents/2019/11/01/2019-23800/changes-to-applicability-thresholds-for-regulatory-capital-and-liquidity-requirements>.

- a. Do you believe that material stress at, or the failure of, banks with \$100 billion - \$700 billion in assets can threaten the stability of the U.S. financial system?**

- i. If not, why did you vote for the Systemic Risk Exception when SVB and Signature Bank failed?**
 - b. Do you believe that the 2019 rule played *any* role in the failure of these three banks and the broader instability in the banking system in Spring 2023?**
 - c. You previously stated that “it seems apparent that these failures were caused primarily by poor risk management and deficient supervision, not by a lack of capital.”[3] Do you believe that SVB depositors ran because they thought the bank was insolvent, meaning it did not have enough capital?**
- [3] “Statement by Governor Michelle W. Bowman,” July 27, 2023, <https://www.federalreserve.gov/newsevents/pressreleases/bowman-statement-20230727.htm>.**
- i. If the run was not due to a lack of capital, like substantially all runs in the history of banking, why do you believe depositors ran?**
 - d. Under the Economic Growth, Regulatory Relief, and Consumer Protection Act, the Fed retained the authority to apply enhanced standards for banks with \$100 billion - \$250 billion in assets. Why did you not apply such standards to SVB, Signature Bank, and First Republic Bank, among others?**

The failure of Silicon Valley Bank (SVB) was related to bank mismanagement, as well as failures of supervision, including a lack of supervisory prioritization on material financial risks, including interest rate risk. In my view, the evidence does not support the claim that the failure of SVB was caused by regulatory tailoring. SVB’s highly concentrated customer base, idiosyncratic business model, interest rate risk, and rapid growth were apparent and obvious risks. These risks were mismanaged by SVB and not acted on appropriately by bank supervisors. Neither First Republic Bank nor Signature Bank was a state member bank and neither institution had a holding company overseen by the Federal Reserve.

- 4. You have served as Chair of the Fed’s Committee on Consumer and Community Affairs, which is responsible for overseeing consumer protection for small banks exempt from the CFPB’s supervision and enforcement jurisdiction. During that time, you touted the benefits of fintech partnerships with banks and cautioned against adding regulatory burden to these relationships.[4] Evolve Bank & Trust was under your purview and the Fed failed to prevent the disastrous blow-up of its partnership with the fintech Synapse Financial, leaving consumers without access to their funds for months. Nearly \$100 million in consumer funds are still missing.[5]**

[4] Governor Michelle W. Bowman, “Community Banking in the Age of Innovation,” April 11, 2019, <https://www.federalreserve.gov/newsevents/speech/bowman20190411a.htm>.

[5] The Wall Street Journal, “Synapse Executive Alerted Accountants Before \$100 Million Missing Funds Scandal,” February 20, 2025, <https://www.wsj.com/finance/banking/synapse-missing-fund-scandal-grand-jury-investigation-e8afc1a9>.

- a. Why did you fail to take proactive steps to prevent the Evolve-Synapse partnership from harming consumers?**
- b. Were you concerned that cracking down on this partnership would have been unduly burdensome to the bank and its fintech partner?**
- c. Will you commission an independent review of the Fed’s consumer compliance failures?**
- d. How many other Evolve Bank fintech partners were subject to CFPB or state-level consumer protection-related lawsuits?**
- e. What steps will you take to make sure you do not miss another potential disaster for consumers?**
- f. Should Congress strip the Fed of its consumer compliance oversight for small banks that touch a large number of consumers through fintech partnerships, and instead provide that authority to the CFPB?**

I continue to be concerned about the ongoing complaints and harm that customers have experienced in the wake of the Synapse bankruptcy. The Federal Reserve is carefully following the issues that have been raised during the Synapse bankruptcy proceedings, particularly regarding the banks that partnered with Synapse. The Federal Reserve takes these concerns seriously.

It is critical that when concerns are identified during the supervisory process, supervisors make clear the materiality of those issues and establish expectations for timely remediation. Prioritization of supervisory findings in this way allows firms to better remediate core and material issues. If confirmed as the Vice Chair for Supervision, my goal will be to make sure we give clear guidance and feedback to regulated firms on their relationships with third parties, and be proactive in addressing concerns related to risk management and account reconciliation. In cases where there are violations of laws and regulations within our jurisdiction, the Federal Reserve will take appropriate action to hold responsible parties accountable.

From a supervisory standpoint, the Federal Reserve continues to identify ways to enhance the transparency, effectiveness, and efficiency of our oversight of consumer laws and regulations for which we are responsible. Any change to the Federal Reserve’s statutory responsibilities regarding consumer compliance oversight is a matter for Congress to consider.

5. **You have advocated for the Fed to publicly disclose all of its internal stress testing models and assumptions. This approach would give big banks the answers to the tests in advance, rendering the stress tests toothless and even counterproductive.**
- a. **What is your understanding of why the stress tests administered to Fannie Mae and Freddie Mac failed spectacularly before the 2008 financial crisis? Did it have anything to do with regulatory disclosure of the underlying stress testing models?**
 - b. **Do you intend to increase big banks' static capital requirements to offset any decrease in capital requirements caused by this disclosure?**
 - c. **Are you concerned that banks will use the same models the Fed discloses, increasing correlations across the banking system and creating more fragility?**

Stress testing is a tool used to assess how the largest and most complex banks would fare under a hypothetical severe stress scenario. The stress test scenarios are not meant to be predictive and they do not reflect current stress or conditions.

The stress test is intended to operate in a complementary way to examination activity, financial reporting, and within the broader set of regulations that apply to regulated financial institutions. However, given the existing legal risk presented by the current structure and the Federal Reserve's implementation of the stress test, several changes are necessary to mitigate this risk, improve the transparency of the stress test, reduce the volatility of the resulting stress capital buffer, and to reduce legal risk. The Federal Reserve Board (Board) recently requested comment on a proposal to reduce the volatility of the stress test capital requirements and plans to issue an additional proposal later this year to seek public comment on the models and scenarios used to determine the hypothetical losses and revenue of banks under stress. These proposed changes are not designed to materially affect overall capital requirements.

6. **In 2023, the banking agencies proposed revisions to the risk-weighted capital framework to address glaring deficiencies in the existing rules, especially with respect to risky trading activities and the losses banks face due to operational failures.[6] The rule was generally aligned with the international Basel III "Endgame" agreement.[7]**

[6] Office of the Comptroller of the Currency, Federal Reserve System, and Federal Deposit Insurance Corporation, Federal Register Notice, "Regulatory Capital Rule: Large Banking Organizations and Banking Organizations With Significant Trading Activity," September 18, 2023, <https://www.federalregister.gov/documents/2023/09/18/2023-19200/regulatory-capital-rule-large-banking-organizations-and-banking-organizations-with-significant>.

[7] Bank for International Settlements, "Governors and Heads of Supervision finalise Basel III reforms," press release, December 7, 2017, <https://www.bis.org/press/p171207.htm>.

- a. Do you intend to finalize this rule?
- b. Do you believe the Basel Committee on Banking Supervision plays a useful role in preventing a global race to the bottom on capital rules?
- c. Do you believe that financial crises in other countries can spill over to the U.S. banking system? Has that happened previously in U.S. history?
- d. Do you believe banks are currently undercapitalized against significant trading risks in their capital markets activities?
- e. What is the total volume of operational risk losses banks have had in the past 10 years? What part of the capital framework is intended to capture such losses?
- f. Do you believe GSIB risk-weighted capital requirements are too low, too high, or just right?
- g. Do you believe the pandemic demonstrated that big banks had adequate capital, or do you think their resilience was primarily bolstered by unprecedented monetary and fiscal support from the government?

The U.S. banking system is strong, resilient, and well capitalized. Many of the largest and most systemic banks operate internationally, and promoting international parity in capital standards applicable to global banks with international operations could help make the global financial system more resilient and competitive. In my view, we need to take a fresh look at the last Basel proposal and determine what is appropriate for the U.S. banking system.

- 7. In 2018, the Fed and OCC proposed to weaken the enhanced supplementary leverage ratio (eSLR), one of the most important post-financial crisis improvements to capital requirements for the eight largest Wall Street banks.[8] The proposal was never finalized and would have reduced loss-absorbing buffers at Wall Street banks by an astounding \$121 billion.[9] Wall Street banks could have increased dividends and buybacks, operated with more debt, and become far more vulnerable to failure. You have previously signaled your support for weakening this rule.

[8] Office of the Comptroller of the Currency and the Federal Reserve System, Federal Register Notice, “Regulatory Capital Rules: Regulatory Capital, Enhanced Supplementary Leverage Ratio Standards for U.S. Global Systemically Important Bank Holding Companies and Certain of Their Subsidiary Insured Depository Institutions; Total Loss-Absorbing Capacity Requirements for U.S. Global Systemically Important Bank Holding Companies,” April 19, 2018, <https://www.federalregister.gov/documents/2018/04/19/2018-08066/regulatory-capital-rules-regulatory-capital-enhanced-supplementary-leverage-ratio-standards-for-us>.

[9] *Id.*

- a. Do you believe the eSLR has improved the safety and soundness of the eight Wall Street banks?
- b. Did the 2008 financial crisis and the complete failure of the risk-weighted capital regime demonstrate that leverage capital requirements are an important safeguard to ensure the stability of the banking system?
- c. If leverage ratios are binding, could that be a sign that risk-weighted capital requirements are not appropriately calibrated and should be increased?
- d. You have argued that because leverage capital requirements are binding for some banks, those requirements should be reduced.[10] Please provide the cost-benefit analysis that you developed to conclude that reducing leverage ratios is a better way to address this situation than increasing risk-weighted capital requirements.

[10] Governor Michelle W. Bowman, Bank Regulation in 2025 and Beyond,” February 5, 2025,
<https://www.federalreserve.gov/newsevents/speech/bowman20250205a.htm>.

- e. Do banks’ investments in Treasury securities carry any liquidity, operational, or market risk? If Treasury securities were exempted from the leverage ratio, which part of the capital framework would provide a buffer against losses on Treasury securities? Do you oppose exempting Treasuries and other assets from the leverage ratio?
- f. Are there any policy options available that could improve the functioning of the Treasury market without reducing the loss absorbing capital buffers at the largest banks in the country?
- g. In 2020, the Fed published an interim final rule to temporarily exempt Treasury securities and central bank reserves from the denominator of the Supplementary Leverage Ratio (SLR) during the pandemic.[11] This type of emergency flexibility was contemplated when the agencies finalized the SLR in 2014. Did that approach work? If so, why would a permanent change be necessary?

[11] Temporary Exclusion of U.S. Treasury Securities and Deposits at Federal Reserve Banks From the Supplementary Leverage Ratio, 85 Fed. Reg. 20578, (April 14, 2020), <https://www.federalregister.gov/documents/2020/04/14/2020-07345/temporary-exclusion-of-us-treasury-securities-and-deposits-at-federal-reserve-banks-from-the>.

Leverage ratio requirements were designed to serve as a backstop to risk-based capital requirements. When leverage requirements effectively become a firm’s binding capital requirement instead of a backstop, this can create a disincentive for their engagement in low-risk, low-margin activities. For example, firms bound by the Supplementary Leverage Ratio (SLR)

may be less willing to engage in Treasury market intermediation activities, which could lead to liquidity impairment in this critical market. It is sensible to take proactive regulatory measures to address well known issues to ensure that banks have adequate balance sheet capacity to intermediate Treasury markets, including by adjusting the SLR. Adopting regulatory changes to mitigate these concerns to ensure Treasury market liquidity would be an important step toward building resiliency.

8. **In 2019, you voted to weaken the Volcker Rule framework, which had been put in place after the 2008 financial crisis to prevent banks from gambling in financial markets.[12] In 2020, you then voted to further weaken the Volcker Rule framework by eroding prohibitions on bank investments in hedge funds and private equity funds.[13]**

[12] Federal Reserve System, “Agencies finalize changes to simplify Volcker rule,” press release, October 8, 2019, <https://www.federalreserve.gov/newsevents/pressreleases/bcreg20191008a.htm>.

[13] Office of the Comptroller of the Currency, Federal Reserve System, Federal Deposit Insurance Corporation, Commodity Futures Trading Commission, and Securities and Exchange Commission, Federal Register Notice, “Prohibitions and Restrictions on Proprietary Trading and Certain Interests in, and Relationships With, Hedge Funds and Private Equity Funds,” July 31, 2020, <https://www.federalregister.gov/documents/2020/07/31/2020-15525/prohibitions-and-restrictions-on-proprietary-trading-and-certain-interests-in-and-relationships-with>.

- a. **Do you believe the economic analysis conducted to justify these two rulemakings was thorough? If so, please quote from the analyses to support your response.**
- b. **Do you believe rulemakings that strengthen banking safeguards and rulemakings that weaken banking safeguards should meet the same analytic standards?**
- c. **Do you believe that it is prudent for banks to monitor hedging transactions on an ongoing basis or solely at the point of execution?**
- d. **Is it possible for banks to engage in proprietary trading strategies using securities classified as available-for-sale or derivatives accounted at fair value, but not listed in the trading book?**
- e. **In the past, have banks ever manipulated the accounting treatment of securities and derivatives with respect to assigning them to the trading account, available-for-sale, and hold-to-maturity categories?**
- f. **Did bank investments in, and relationships with, hedge funds and private equity funds contribute to banking sector stress in the 2008 financial crisis?**
- g. **Do you believe bank investments in, and relationships with, hedge funds and private equity funds pose safety and soundness risks?**

By statute, the Volcker rule generally prohibits banks from engaging in proprietary trading or investing in or sponsoring hedge funds or private equity funds. While this rule was intended to curb proprietary trading by large banks, it also created significant compliance costs for smaller banks, which are generally not involved in this type of trading. In 2019, the Board, together with the Federal Deposit Insurance Corporation (FDIC), Office of the Comptroller of the Currency (OCC), Securities and Exchange Commission, and Commodity Futures Trading Commission simplified the rule so that firms with less trading activity would be subject to simplified and streamlined compliance requirements, while firms with more trading activity would continue to be subject to more complex compliance requirements.

Regulations must be approached in a pragmatic way that ensures they are efficient, effective, and durable. This pragmatic approach requires identifying the problem targeted by the regulation, considering the costs and benefits of any proposed change, as well as incentive effects, impacts on markets, and potential unintended consequences. If confirmed, I will lead our regulatory rulemaking efforts according to these guiding principles.

9. The banking agencies have begun rolling back safeguards meant to prevent volatility in the crypto asset markets from causing stress within the core banking system.[14]

[14] Office of the Comptroller of the Currency, “OCC Clarifies Bank Authority to Engage in Certain Cryptocurrency Activities,” press release, March 7, 2025, <https://www.occ.treas.gov/news-issuances/news-releases/2025/nr-occ-2025-16.html>; Federal Deposit Insurance Corporation, “FDIC Clarifies Process for Banks to Engage in Crypto-Related Activities,” press release, March 28, 2025, <https://www.fdic.gov/news/press-releases/2025/fdic-clarifies-process-banks-engage-crypto-related-activities>.

- a. Do you still believe that “the extreme volatility of these [crypto] assets creates significant challenges for banks”?[15]**

[15] Governor Michelle W. Bowman, “The Innovation Imperative: Modernizing Traditional Banking,” March 14, 2023, <https://www.federalreserve.gov/newsevents/speech/bowman20230314a.htm>.

- b. You previously stated, “Until clear statutory and regulatory parameters exist to govern these types of assets and the exchanges on which they are traded, I think some of the uncertainties about how the banking system can engage in crypto activities will remain unsettled.” Do you believe the banking agencies should refrain from permitting banks to engage in additional crypto-related activities until the legislative and regulatory framework for crypto exchanges is clarified?**
- c. What safeguards are necessary to ensure that stress in the crypto asset market does not infect the core banking system?**

- d. Do you believe it's appropriate to apply heightened liquidity requirements to deposits placed at banks by a stablecoin issuer? Do you believe there should be concentration limits placed on a bank's ability to accept deposits from entities or industries that are themselves vulnerable to runs?**
- e. Is it possible for a bank to hold crypto assets on its balance sheet, as principal, in a safe and sound manner?**
- f. Do you believe that crypto asset custody activities pose greater risk than custodying traditional real or financial assets?**
- g. Does the complexity and scale of the ByBit hack pose any concerns about permitting banks to custody crypto assets?**
- h. How can banks ensure that nodes, validators, and other network participants on the distributed ledgers on which they are participating are not terrorist organizations, cartels, or sanctioned countries like Russia or Iran?**

As I noted in my nomination hearing statement before the Committee, regulators must be open to innovation in the banking system. To remain viable and competitive, banks must be able to consider new technologies that can improve products and services and lower costs. To achieve that goal, we must have a clear and sensible regulatory framework that promotes innovation, while at the same time preserves safety and soundness. Regulators should provide clear, actionable, and timely feedback on these types of products and services so that when a bank undertakes these activities, the bank understands regulatory expectations and is able to appropriately manage its associated risks.

- 10. Community banks have raised concerns that stablecoins could disintermediate them, raising costs and reducing availability of credit for households and small businesses.[16] You've previously cautioned against digital payments evolutions that could "disrupt and disintermediate the banking system, potentially harming consumers and contributing to broader financial stability risks." [17] Do you share concerns that stablecoin legislation could help facilitate harmful community bank disintermediation?**

[16] Independent Community Bankers of America, "Community Bank Statement for STABLE Act Markup," April 2, 2025, https://www.icba.org/docs/default-source/icba/advocacy-documents/testimony/icba-statement-for-stable-act-markup.pdf?sfvrsn=1c30e017_4.

[17] Governor Michelle W. Bowman, "Responsible Innovation in Money and Payments," October 17, 2023, <https://www.federalreserve.gov/newsevents/speech/bowman20231017a.htm>.

I support congressional efforts to establish a clear and sensible regulatory framework for payment stablecoins and look forward to engaging constructively on this issue.

- 11. You previously raised concerns that a central bank digital currency could “lead to the politicization of the payments system and at its heart, how money is used.”[18] Do you have any concerns that the President of the United States issuing his own stablecoin, USD1, could politicize the payments system?**

[18] Governor Michelle W. Bowman, “Considerations for a Central Bank Digital Currency,” April 18, 2023, <https://www.federalreserve.gov/newsevents/speech/bowman20230418a.htm>.

As I noted above, I support congressional efforts to establish a clear and sensible regulatory framework for payment stablecoins. The Federal Reserve is committed to following the laws as passed by Congress. I will continue to exercise my best professional and independent judgment in carrying out any responsibilities assigned to the Federal Reserve by Congress.

- 12. One of the causes of the 2008 financial crisis was exorbitant executive compensation packages that incentivized wild risk-taking.[19] If the bets paid off, executives would rake in tens of millions of dollars. If the bets went bust, the rest of the economy would suffer the consequences and taxpayers would be required to clean it up. Section 956 of the Dodd-Frank Act mandated regulators, including the Fed, to jointly prescribe rules prohibiting risky bonus arrangements.[20] After proposals in 2011, 2016, and 2024, the rule remains unfinished.**

[19] ECGI, “The Wages of Failure: Executive Compensation at Bear Stearns and Lehman 2000-2008,” Lucian A. Bebchuk, Alma Cohen, and Holger Spamann,” November 26, 2009, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1513522.

[20] Dodd-Frank Wall Street Reform and Consumer Protection Act, Public Law 111-203, Section 956.

- a. Do you believe regulators must finalize Congressionally-mandated rules?**
- b. Do you commit to finalizing a strong executive compensation rule?**
- c. Did you oppose the 2024 proposed rule?**
- d. Do you believe the banking agencies’ 2010 executive compensation guidance, completed one month before the Dodd-Frank Act was passed, satisfies the legal requirement to prescribe rules or guidelines under Section 956? Is a guideline a distinct legal term from guidance under the federal banking laws?**
- e. Do you believe executive compensation packages played a role in the failure of SVB?**
- f. As a general matter, do you believe compensation arrangements influence behavior of bank executives?**

The Federal Reserve implemented supervisory guidance in 2010 to address improvements to compensation practices. Joint agency work related to section 956 of the Dodd-Frank Act should be based on updated analysis to reflect current banking conditions and practices and appropriately tailored to account for differences in firms' characteristics.

13. Prior to the 2008 financial crisis, large banks did not adequately plan for their orderly failure, instead assuming that taxpayers would step in to bail them out or otherwise pick up the pieces. The Dodd-Frank Act required large banks, and systemically important nonbanks, to develop “living wills” that outline how they could be resolved under the bankruptcy code without relying on taxpayer support or placing significant costs on the broader economy through a disorderly failure. The Federal Reserve Board and FDIC are responsible for reviewing the living wills. If the plans do not meet the statutory standard, regulators ultimately have the authority to shrink and simplify the firm so that it is no longer Too-Big-To-Fail.

- a. Do you believe all eight of the global systemically important banks (GSIBs) could be resolved safely under the bankruptcy code?**
 - i. If so, do you believe the Too-Big-To-Fail (TBTF) problem has been solved? Do GSIBs not benefit from an implicit government guarantee and enjoy an unfair funding advantage over community banks?**
- b. What type of private entity has the capacity to provide debtor-in-possession financing to a GSIB in bankruptcy?**
- c. Do you believe that a GSIB that files for bankruptcy would experience runs at its broker dealer, insured depository, and other subsidiaries that rely on short term funding?**
- d. Why did you refuse to fail Citigroup's 2023 living will given the ample evidence the firm lacked the internal controls and data capabilities to project its capital and liquidity needs during a period of stress?[21]**

[21] Chairman Martin J. Gruenberg, “Title 1 Resolution Plan Feedback Letters for 8 U.S. GSIBs,” June 21, 2024, <https://www.fdic.gov/news/speeches/2024/title-1-resolution-plan-feedback-letters-8-us-gsibs>.

- e. If not through the resolution planning process, what tools would you use to finally address the TBTF problem?**

The bank regulatory system has significantly changed since Congress passed the Dodd-Frank Act. This has resulted in a substantial increase in capital and liquidity, new stress testing and resolution planning requirements, and several other changes designed to promote bank resiliency. Activities and risks in the financial sector evolve quickly, requiring regulators to closely monitor financial system risks over time and respond appropriately. Strong, focused

supervision that prioritizes material financial risks to the banking system is an essential part of this work.

14. Distinct from its rulemaking authority, the Fed supervises state chartered banks that are members of the Federal Reserve System, bank holding companies, and other financial firms, for compliance with relevant laws and regulations. Supervisors can spot issues before they fester into bigger problems that threaten the safety and soundness of the firm.

- a. What is your philosophy for bank supervision? Do you think supervisors should engage in box-checking exercises or should they make substantive judgments as to the prudence of banks' risk-related decisionmaking?**
- b. Should supervisors be empowered to quickly escalate issues to bank management and boards?**
- c. Do you believe supervisors should use formal and informal supervisory communications, such as matters requiring attention, or should supervisors exclusively utilize formal enforcement actions against banks?**
- d. What do you see as the key supervisory failures that contributed to SVB's collapse? Do you agree that certain supervisory changes implemented by former Federal Reserve Vice Chair Quarles tied supervisors' hands and prevented them from timely addressing risks?**
- e. How would your approach to supervision differ from Vice Chair Quarles's approach?**

As I noted in my nomination hearing statement before the Committee, I will prioritize reforming and refocusing supervision to better address core and material financial risks. Supervision must be grounded in applicable law and provide clear standards to regulated institutions. Supervisory expectations should not surprise regulated firms. Supervision cannot eliminate risk from the banking system, but it can and should promote sensible risk management that enables the banking system to support economic growth and serve the financial needs of all Americans. It is also critical that we work closely with state bank regulators in our oversight of state-chartered banks.

15. Climate change clearly poses material financial risks to the financial system. More frequent and severe weather events, and chronic changes to the climate, threaten physical collateral, undermine cash flows backing a variety of loan types, and could increase losses on bank balance sheets.[22] In addition, the shift to a low-carbon economy could undermine the value of loans and bonds tied to carbon-intensive industries.[23] In 2023, the Fed jointly finalized supervisory principles to ensure banks have appropriate risk management frameworks to identify and mitigate climate-related financial risks.[24]

[22] Department of the Treasury, Financial Stability Oversight Council, “Report on Climate-Related Financial Risk,” October 2021, <https://home.treasury.gov/system/files/261/FSOC-Climate-Report.pdf>.

[23] *Id.*

[24] Office of the Comptroller of the Currency, Federal Reserve System, and Federal Deposit Insurance Corporation, Federal Register Notice, “Principles for Climate-Related Financial Risk Management for Large Financial Institutions,” October 30, 2023, <https://www.federalregister.gov/documents/2023/10/30/2023-23844/principles-for-climate-related-financial-risk-management-for-large-financial-institutions>.

- a. Do you believe that climate change poses material risks to banks?
- b. Do you believe banks should account for climate-related financial risks when underwriting loans or investing in other debt obligations? For example, should banks consider sea-level rise and severe storms when underwriting commercial real-estate loans in coastal regions? Is it appropriate for banks to factor energy price assumptions into business loans to oil and natural gas companies?
- c. Do climate-related disruptions in the availability and affordability of property insurance have any knock-on effects for banks?
- d. In voting against the 2023 Principles for Climate-Related Financial Risk Management for Large Financial Institutions, you stated that the guidance would “result in increased compliance cost and burden without a commensurate improvement to the safety and soundness of financial institutions or to the financial stability of the United States.”[25] Please provide the cost-benefit analysis that led you to this conclusion.

[25] “Statement by Governor Michelle W. Bowman on Principles for Climate-Related Financial Risk Management for Large Financial Institutions,” October 24, 2023, <https://www.federalreserve.gov/newsevents/pressreleases/bowman-statement-20231024b.htm>.

Climate is not an issue within the remit of the Federal Reserve. The Federal Reserve has limited, narrowly focused mandates and responsibilities that are established by statute. This includes making sure banks understand and can manage all of the material risks they face.

As I have stated previously, one of my priorities is to reform and refocus supervision to better address core and material financial risks. As I noted when the Board issued the 2023 Principles for Climate-Related Financial Risk Management for Large Financial Institutions, this guidance creates unclear expectations for institutions, it could discourage lending to certain industries, it could adversely affect low- and moderate-income communities, and it could put pressure on examiners to impose similar requirements on smaller institutions.

- 16. In 2021, the OCC tried and failed to finalize its Fair Access Rule just days before President Biden was sworn-in.[26] The rule would have effectively forced large national banks to lend to politically favored industries, such as oil and gas companies or gun manufacturers, even if providing such services was counter to prudent risk management.[27] You previously stated that you “share the widely held view that the appropriate role of the Federal Reserve is not to make credit allocation decisions for banks.”[28] Did you oppose the OCC’s 2021 Fair Access rule?**

[26] Office of the Comptroller of the Currency, “OCC Finalizes Rule Requiring Large Banks to Provide Fair Access to Bank Services, Capital, and Credit,” press release, January 14, 2021, <https://occ.gov/news-issuances/news-releases/2021/nr-occ-2021-8.html>.

[27] Letter from Public Citizen to Acting Comptroller Brooks, January 4, 2020, <https://www.citizen.org/wp-content/uploads/Public-Citizen-Final-Fair-Access-Rule-Comment-OCC-2020-0042.pdf>.

[28] Governor Michelle W. Bowman, “Essay for Starling Insights,” February 13, 2024, <https://www.federalreserve.gov/newsevents/bowman-starling-insights-20240213.htm>.

Supervisors have a responsibility to ensure that banks manage their material financial risks. Supervisors should not tell banks who they can or cannot do business with—banks can provide financial services to any lawful business. We need to make sure our supervisory guidance is in line with this principle so that we promote an environment that allows legitimate bank customers to obtain banking services.

- 17. In an effort to justify a lighter regulatory and supervisory touch, you argued that “Banks are unique individual businesses, not public utilities.”[29] Could you please provide a list of private businesses that receive government insurance and have access to central bank deposit accounts, government-provided loans, government-protected barriers to entry (charters), are permitted to issue currency and have a statutory obligation to meet the needs of their entire communities?**

[29] Governor Michelle W. Bowman, “Approaching Policymaking Pragmatically,” November 20, 2024, <https://www.federalreserve.gov/newsevents/speech/bowman20241120a.htm>.

Banks have their own unique characteristics and strategies, operating within a competitive environment. In contrast, public utilities are typically characterized by standardized service provision, limited competition, and a primary focus on serving the essential needs of the public under a more controlled and often more regulated government-directed monopoly structure.

- 18. In the wake of the Spring 2023 bank failures, the FDIC published a report outlining potential options for deposit insurance reform.[30]**

[30] Federal Deposit Insurance Corporation, “Options for Deposit Insurance Reform,” <https://www.fdic.gov/analysis/options-deposit-insurance-reforms/report/options-deposit-insurance-reform-full.pdf>.

- a. **Do you believe small businesses should have a completely safe place to keep their money for payroll, operating expenses, and other transactions?**
- b. **Do you think it is appropriate that large businesses with uninsured deposits at SVB and Signature Bank were protected by the government, while small businesses with accounts at local community banks sometimes lose their uninsured deposits when the bank fails?**
- c. **Would you support bipartisan efforts to increase deposit insurance limits for small business transaction accounts?**

Banks, particularly community banks, play an important role in supporting small businesses by providing access to credit and other financial services. As I have stated publicly, policymakers should consider whether there are necessary adjustments that could be made to the deposit insurance framework. Ultimately, however, this is a question for Congress and the FDIC to consider.

19. Do you believe that the deterioration of a bank’s reputation could result in negative financial consequences for the bank? Are you concerned that the FDIC’s and OCC’s recent decisions to no longer examine banks for reputational risk will make it more likely that a Credit Suisse-style reputational failure takes down a large U.S. bank?

Supervisors have a responsibility to ensure that banks manage their material financial risks. Supervisors should not tell banks who they can or cannot do business with—banks can provide access to financial services to any lawful business. We need to make sure our supervisory guidance is in line with this principle so we can promote an environment that allows legitimate bank customers to obtain banking services.

20. You previously stated, “The rulemaking process benefits when policymakers have the full scope of information needed to inform our discussions and debate.”[31] Did you oppose the publication of the banking agencies’ recent press releases, in which decisions related to stress testing[32] and the Community Reinvestment Act[33] were both announced prior to publishing a proposal and receiving public comment?

[31] Governor Michelle W. Bowman, “Brief Remarks on the Economy and Insights from Past Bank Regulatory Reform Efforts,” October 7, 2023, <https://www.federalreserve.gov/newsevents/speech/bowman20231007a.htm>.

[32] Federal Reserve Board, “Due to evolving legal landscape & changes in the framework of administrative law, Federal Reserve Board will soon seek public comment on significant changes to improve transparency of bank stress tests & reduce

volatility of resulting capital requirements,” press release, December 23, 2024, <https://www.federalreserve.gov/newsevents/pressreleases/bcreg20241223a.htm>.

[33] Federal Reserve Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, “Agencies announce intent to rescind 2023 Community Reinvestment Act final rule,” March 28, 2025, <https://www.federalreserve.gov/newsevents/pressreleases/bcreg20250328a.htm>.

The Board follows the Administrative Procedure Act, and any proposals would be published for notice and comment. I look forward to receiving and reviewing comments on these forthcoming rulemakings.

21. What current or emerging risks constitute your top concerns for the safety and soundness of the financial system?

Supervision should be focused on core and material financial risks to help ensure that the U.S. banking system is safe and sound. Some of these risks include credit risk, liquidity risk, and interest rate risk.

Enforcement

22. You’ve previously said that enforcement actions for lawbreaking should be used to “promote safe, sound, and fair practices and not simply as punishment.”[34] Are you concerned that regulators have been too harsh on Wall Street banks when they’ve violated the law?

[34] Governor Michelle W. Bowman, “My Perspective on Bank Regulation and Supervision,” February 16, 2021, <https://www.federalreserve.gov/newsevents/speech/bowman20210216a.htm>.

The Federal Reserve holds our regulated institutions to high standards through supervision and regulation. Bank regulators enforce robust regulatory standards to promote safety and soundness, they engage in periodic examinations of banks and their holding companies, and banks must comply with periodic regulatory reporting requirements. When necessary, regulators hold banks accountable for lapses in adherence to these standards by requiring prompt remediation of supervisory findings, or by taking enforcement actions as appropriate.

23. The Fed and OCC found that TD Bank had violated anti-money laundering laws.[35] The OCC imposed a growth cap on the bank that would require the bank to shrink if it did not fix its anti-money laundering deficiencies. Why did the Fed not impose any structural remedies, like an asset cap, on TD Bank’s U.S. parent company? Did you oppose a stiffer penalty?

[35] “OCC Issues Cease and Desist Order, Assesses \$450 Million Civil Money Penalty, and Imposes Growth Restriction Upon TD Bank, N.A. for BSA/AML Deficiencies,” press release, October 10, 2024, <https://www.occ.treas.gov/news-issuances/news->

releases/2024/nr-occ-2024-116.html; “Federal Reserve Board fines Toronto-Dominion Bank \$123.5 million for violations related to anti-money laundering laws,” press release, October 10, 2024, <https://www.federalreserve.gov/newsevents/pressreleases/enforcement20241010a.htm>.

TD Bank faced significant consequences for its Bank Secrecy Act and anti-money laundering compliance failures. Agencies, including the Federal Reserve, the OCC, the Financial Crimes Enforcement Network, and the Department of Justice, took action to hold the bank accountable.

The Federal Reserve directed TD to conduct an independent management review and required it to restructure its global anti-money laundering compliance function to ensure that certain portions of the program would be based in the United States where it can be more closely monitored by supervisors. And, as noted in the Department of Justice’s statement of facts, the money laundering conspiracy occurred within TD’s lead national bank subsidiary rather than entities overseen directly by the Federal Reserve.

24. In 2024, the Fed found that Citigroup violated the Fed’s 2020 enforcement action. Why did the Fed not impose any structural remedies on the company, including asset caps, divestitures, or activity limitations? Did you oppose a stiffer penalty?

The Federal Reserve closely monitors a firm’s compliance with enforcement actions and takes appropriate actions when there is a record of non-compliance. In July 2024, the Federal Reserve fined Citigroup for violating the Board’s 2020 enforcement action that required it to enhance its firm-wide risk management and related internal controls. The Federal Reserve will continue to monitor Citigroup for compliance.

25. Despite continuing to violate the law in recent years, it was reported that the Fed is considering lifting the asset cap on Wells Fargo.[36] Do you commit to keeping the asset cap in place until the bank can at least go several years without breaking the law?

[36] Reuters, “Wells Fargo asset cap likely to be lifted next year, sources say,” Nupur Anand, November 26, 2024, <https://www.reuters.com/business/finance/wells-fargo-asset-cap-likely-be-lifted-next-year-sources-say-2024-11-26/>.

The Federal Reserve is actively overseeing Wells Fargo’s implementation of corrective measures mandated by the 2018 Order.

26. Why do you think Wall Street banks have not been deterred by past enforcement actions and continue to break the law?

As I have previously noted, banking regulation and supervision should be consistent, transparent, and fair, so that banks understand and respect the regulatory requirements. A clear understanding of the rules and our expectations, as well as a respect for the reasonable application of them, can be an effective approach to ensure compliance.

27. Are you willing to fine executives directly, use the Fed’s authority under 12 U.S.C. 1818(e) to remove executives from their roles and ban them from the banking industry, and make criminal referrals to the Department of Justice, where appropriate?

The Federal Reserve will continue to use the statutory authorities that Congress has provided to ensure that the institutions we supervise, as well as the individuals and executives affiliated with those institutions, operate in a safe and sound manner and comply with the law.

28. When do you think it is appropriate to move beyond fines and impose structural remedies on banks, including asset caps, divestitures, and activity limitations?

Like the other federal bank regulators, the Federal Reserve has a number of enforcement tools to address unsafe or unsound banking practices or violations of law. Use of these tools requires careful consideration of the specific facts and circumstances of individual cases and our legal authorities.

29. Do you believe the Fed has evenly administered penalties to large and small banks?

The Federal Reserve administers penalties to ensure that all regulated institutions, regardless of size, operate in a safe and sound manner and comply with the law. When administering penalties, the Federal Reserve must adhere to the applicable statutory framework, which in the case of monetary penalties, requires the Federal Reserve to consider the size and financial resources of the institution, among other factors. The Federal Reserve will continue to apply the standards that Congress prescribed in a fair and consistent manner.

Bank Merger Review

30. You referred to the Biden administration’s approach to bank mergers as “concerning.”[37] Do you believe consumers and small businesses have been well-served by the substantial increase in consolidation of the banking sector over the last four decades?

[37] *Id.* “Bank Mergers and Acquisitions, and De Novo Bank Formation: Implications for the Future of the Banking System.”

One of the strengths of the U.S. banking system is the diverse range of banks that serve communities of all sizes across America. These banks play an important role in the creation and funding of business and consumer opportunities and investments. It is important that the U.S. bank regulatory framework ensures that competition and broad availability of banking services remain a feature of our banking system.

Merger transactions help to promote the long-term health and viability of banks and allow for transitions in bank ownership. This is particularly important for community banks in smaller or rural communities where there may be limited opportunities for succession planning, and where there may otherwise be “zombie” banks without competitive viability or exit strategies. If confirmed, I plan to make the Federal Reserve’s processing for mergers and acquisition

proposals more efficient and timely. Without effective, efficient, and transparent processes for growth and acquisitions, we risk creating a banking system with only a handful of very large institutions, and a number of very small community banks with nothing in between. Congress established statutory factors that the Federal Reserve must consider when acting on bank applications, and it is our responsibility to set clear expectations regarding meeting those standards, and acting promptly on each application.

31. How do you approach the convenience and needs of the community when reviewing a bank merger application? Do you believe public engagement in the merger review process is important?

In the Board's evaluation of merger applications, we consider the statutory factors that Congress has provided, including competition, financial stability, and the convenience and needs of the community to be served. It is our job to follow that statutory framework.

32. How do you approach the competitive effects analysis when reviewing a bank merger application?

As noted in answer to an earlier question, in the Board's evaluation of merger applications, we consider the statutory factors that Congress has provided. It is our job to follow that statutory framework, and I take that responsibility seriously. Competition is one such statutory factor.

33. Please review the Department of Justice's 2023 Merger Guidelines and its 2024 Banking Addendum. Do you agree with the DOJ's approach to analyzing the competitive effects of bank merger transactions?

It is not my role to comment on another agency's policies.

34. Congress added the financial stability factor to the Bank Merger Act in 2010.

- a. Why do you believe Congress added this statutory factor in the wake of the 2008 financial crisis?
- b. What type of transaction would fail to satisfy the financial stability factor?
- c. Do you agree with the OCC's 2023 merger approval order in the J.P. Morgan-First Republic transaction[38] that invoked the financial stability factor to justify a Wall Street bank growing larger and more interconnected?

[38] Letter from Office of the Comptroller of the Currency to J.P.Morgan Chase, May 1, 2023, <https://www.occ.gov/topics/charters-and-licensing/app-by-jp-morgan-chase-bank.pdf>.

The Bank Merger Act and the Bank Holding Company Act require the Board to take into consideration the risk a proposed transaction may pose to the stability of the United States

banking or financial system. Congress passed the Dodd-Frank Act in response to a financial crisis in which a build-up of leverage and maturity transformation in the years leading up to the crisis left the U.S. vulnerable to shocks. In its financial stability analysis, the Board considers a variety of metrics that capture the systemic footprint of the combined organization and the incremental effect of the transaction on the systemic footprint of the acquiring institution.

In regard to the approval order by the OCC, it is not my role to comment on the specific actions of another regulatory agency.

35. Do you believe it is inappropriate for the Fed to ever deny a merger application? When was the Fed's last bank merger denial order?

Denial of a merger application would be appropriate in a case where the statutory conditions for approval were not met. Because the Federal Reserve's standards for approval of bank mergers are clear and long-standing, applicants do not often submit applications that do not satisfy the statutory factors necessary for approval.

The Federal Reserve's most recent report on applications activity includes data indicating bank merger and acquisition transactions with withdrawn applications. Applicants withdraw filings for a number of reasons, including prolonged uncertainty due to delays in regulatory decisions on applications, expiration of contractual deadlines, and issues that are uncovered only during application processing.

36. You have previously noted that the lack of bank merger denials does not mean applications are rubber stamped and that sometimes applications are withdrawn. Do you think the public and future applicants would benefit from the enhanced transparency provided by public denial orders, instead of allowing banks to withdraw behind closed doors?

The merger process is an expensive and risky process that bankers take extremely seriously. For those institutions that decide to proceed with an application, success is not guaranteed. The Federal Reserve's most recent report on applications activity includes data indicating bank merger and acquisition transactions with withdrawn applications.

37. Do you commit to conducting retrospective analyses of approved mergers to evaluate how the competitive landscape and community were impacted following the transaction?

I am committed to taking a pragmatic approach as the Board continues to assess the applications process, to ensure the merger review process is effective, efficient, and transparent.

Community Reinvestment Act

38. Do you believe decades of redlining inflicted severe harm on communities of color and low- and moderate-income communities?

The purpose of the Community Reinvestment Act (CRA) is to improve access to credit in all communities where banks are located, especially low- and moderate-income communities. The CRA was enacted in 1977 shortly after the civil rights movement and against the backdrop of other significant federal laws designed to address financial inclusion and equal access to credit. At the time Congress passed the CRA, it found that banks had a “continuing and affirmative obligation to help meet the credit needs” of their local communities. Congress reinforced this obligation by instructing the federal financial supervisory agencies to encourage banks to help meet the credit needs of those same communities. Throughout the years since, Congress has amended the CRA a number of times, but at its core, the main objective of the CRA has remained unchanged: banks should be involved in their communities, particularly as it relates to helping meet the credit needs of those communities. I continue to support the underlying intent of the CRA to improve access to credit in all communities where banks are located, especially low- and moderate-income communities.

39. Do you believe redlining and other discriminatory lending practices are still a problem in the banking system?

I continue to support the underlying intent of the CRA to improve access to credit in all communities where banks are located, especially low- and moderate-income communities. I also continue to support robust enforcement of the laws protecting against discrimination and other illegal credit practices.

40. Did you play any role in the Fed’s March 28, 2025 press release announcing the banking agencies’ intent to rescind the rule in the face of the banking industry’s legal attacks?

As you know, the Board was sued over the 2023 CRA final rule. Proposing to rescind the final rule is a sensible step that would remove the uncertainty surrounding the ongoing litigation. I look forward to reviewing public comments on such a proposal. I expect the banking agencies will continue to work together to promote a consistent regulatory approach on their implementation of the CRA, one that is consistent with the CRA statute.

41. Do you believe that 98%+ of banks[39] actually do enough in their communities to justify a passing CRA grade or do the exams suffer from grade inflation?

[39] National Community Reinvestment Coalition, “Do CRA Ratings Reflect Differences in Performance: An Examination Using Federal Reserve Data,” Josh Silver and Jason Richardson, May 27, 2020, <https://ncrc.org/do-cra-ratings-reflect-differences-in-performance-an-examination-using-federal-reserve-data/>.

Banks, including community banks, play a vital role in the local and regional communities in which they operate. These institutions support economic growth and are anchors of their local communities. In my view, our CRA examination process is robust and rigorous.

42. You argued that the CRA rulemaking process was “rushed and overzealous.”[40] For every significant rulemaking you undertake, do you commit to first publishing an

Advanced Notice of Proposed Rulemaking (ANPR) and completing such rulemaking no sooner than three years after publishing the ANPR, as was done in the “overzealous and rushed” CRA process?

[40] “Statement of Michelle W. Bowman on the Interim Final Rule and Final Rule Amending the Community Reinvestment Act Regulations,” March 21, 2024, <https://www.federalreserve.gov/newsevents/pressreleases/bcreg20240321a1.htm>.

I am committed to a transparent rulemaking process, consistent with the requirements of the Administrative Procedure Act, that clearly identifies key issues and effective and efficient solutions that balance economic growth with the safety and soundness of individual banks and financial system stability. Regulatory requirements can have a meaningful effect on consumers, businesses, and the economy, so it is important that we follow an open and transparent process consistent with applicable law.

43. Do you believe that all changes to CRA regulations should be done jointly with the FDIC and OCC?

It is important for the agencies to work together to promote a consistent approach in all aspects of our regulatory framework, including CRA regulations.

DOGE & Independence

44. You previously stated that, “In accordance with the law, the Federal Reserve, both in its monetary policy function and in the execution of its bank regulatory and supervisory responsibilities, is meant to operate independently and apolitically.”[41] Do you intend to send all significant regulatory actions to the White House Office of Management and Budget for review and approval, in accordance with President Trump’s executive order?

[41] Governor Michelle W. Bowman, “Tailoring, Fidelity to the Rule of Law, and Unintended Consequences,” March 5, 2024, <https://www.federalreserve.gov/newsevents/speech/bowman20240305a.htm>.

Regulations must be approached in a pragmatic way that ensures they are efficient, effective, and durable. This pragmatic approach requires identifying the problem targeted by the regulation, considering the costs and benefits of any proposed change, as well as incentive effects, impacts on markets, and potential unintended consequences. If confirmed, I will lead our regulatory rulemaking efforts according to these guiding principles.

45. Is there any legal distinction in the Federal Reserve Act between the independence afforded to the Federal Reserve in the conduct of monetary policy compared to the conduct of its bank regulation and supervision functions?

Monetary policy independence is critical to the Federal Reserve’s ability to fulfill our statutory mandate of maximum employment and price stability for the U.S. economy. With respect to

bank regulation and supervision, transparency and accountability are of utmost importance. We hold our regulated institutions to high standards, and our actions must be transparent and accountable to the public and Congress. Regulators should hold themselves to the same high standards. Transparency does not dilute the rigor of our regulatory standards, it ensures that banks are aware of these standards and expectations so that they can more effectively and efficiently work to meet them.

That same transparency demonstrates that regulators hold themselves to high standards—that we are appropriately exercising the power granted to us by Congress and have done so in a way that supports due process and fairness.

46. If Elon Musk, DOGE, or other Administration officials direct you to fire staff at the Federal Reserve, including within the Division of Supervision and Regulation, will you execute that directive?

Congress has assigned the Federal Reserve important responsibilities to regulate and supervise financial institutions. I am committed to carrying out these responsibilities in a transparent and effective way, with the goal of ensuring government efficiency and prudent use of taxpayer resources. Our supervisory resources should be focused on material financial risks and ensuring the safety and soundness of the institutions under our responsibility. There is always opportunity to better ensure that we use our resources in the most effective and efficient manner. If confirmed as Vice Chair for Supervision, I will take a fresh look at this resource allocation to ensure it is accountable and properly focused on those priorities.

47. Do you believe that the Federal Reserve is “absurdly overstaffed”?

Congress has assigned the Federal Reserve important responsibilities to regulate and supervise financial institutions. I am committed to carrying out these responsibilities in a transparent and effective way, with the goal of ensuring government efficiency and prudent use of taxpayer resources. Our supervisory resources should be focused on material financial risks and ensuring the safety and soundness of the institutions under our responsibility. There is always opportunity to better ensure that we are using our resources in the most effective and efficient manner, and if confirmed as Vice Chair for Supervision, I will take a fresh look at this resource allocation to ensure it is accountable and properly focused on those priorities.

48. Do you believe the president has the authority to fire you without cause?

The Federal Reserve Act provides that “each member shall hold office for a term of fourteen years from the expiration of the term of his predecessor, unless sooner removed for cause by the President.”

49. You previously stated that “central banks have a responsibility to be leaders in addressing diversity and inclusion, not only for our own institutions, but also because of our influence on the profession as a whole.”[42] Did you oppose the Federal Reserve Board’s decision to scrub diversity and inclusion materials from its website, suspend employee resource groups, and lay off DEI staff in response to President Trump’s DEI

executive order? Do you agree with President Trump that diversity, equity, and inclusion programs constitute “illegal and immoral discrimination.”[43]

[42] Governor Michelle W. Bowman, “Closing Remarks: Gender and Career Progression,” October 21, 2019, <https://www.federalreserve.gov/newsevents/speech/bowman20191021a.htm>.

[43] Executive Order 14151, Ending Radical and Wasteful Government DEI Programs and Preferencing, January 20, 2025, <https://www.whitehouse.gov/presidential-actions/2025/01/ending-radical-and-wasteful-government-dei-programs-and-preferencing/>.

It has been the Federal Reserve’s longstanding practice across many administrations to align with executive orders where appropriate and consistent with the law. In carrying out our important mission on behalf of the public, I believe we must continually assess and adjust our approach on a range of issues. Doing so effectively requires that we make sure our workforce reflects our mission and priorities. The Federal Reserve will follow the law and will continue to carry out the work that is required by federal anti-discrimination laws.

50. You previously stated that “Minority depository institutions, or MDIs, play an important role in our financial system. MDIs often provide credit and financial services to low and moderate income and minority communities.” Do you believe Federal Reserve programs designed to convene and assist MDIs are “DEI” programs subject to the President’s executive order?

[44] Governor Michelle W. Bowman, “The Innovation Imperative: Modernizing Traditional Banking,” March 14, 2023, <https://www.federalreserve.gov/newsevents/speech/bowman20230314a.htm>.

The Federal Reserve’s work with minority depository institutions is mandated under federal law and statutorily requires the Board to support the creation and preservation of minority-owned financial institutions. As such, if confirmed, I will remain committed to meeting our statutory obligations and ensuring a robust and accessible financial services ecosystem that provides access to credit and financial services for all Americans.

Ethics and Conflicts of Interest

51. Would you approve a merger transaction if so directed by the White House, including after the applicant made a payment to the President, a member of his family, or to his related business interests?

In evaluating any merger application, the Federal Reserve Board is guided by the statutory factors that Congress has provided including competition, financial stability, and the convenience and needs of the community to be served. It is our job to follow that statutory framework, and the Federal Reserve will continue to do so.

52. Do you commit to a 4-year cooling off period from representing any company subject to the jurisdiction of the Federal Reserve Board following the conclusion of your service as Vice Chair for Supervision?

I will comply with the relevant ethics laws governing post-employment restrictions.

Nomination

53. On November 20, 2024, you delivered a speech at the Forum Club of the Palm Beaches, in West Palm Beach, Florida.

- a. On what date did the Forum Club of the Palm Beaches extend an invitation for you to speak?**
- b. On what date did you accept the invitation?**
- c. Did you contact the Trump transition team, or any person connected to the Trump transition team, to secure a meeting with the Transition team while you were in Florida?**
- d. Did such a meeting occur? If so, please provide the time, date, location, list of participants, and topics discussed.**
- e. If such a meeting occurred, did you provide advance notice to, and receive approval from, the Federal Reserve Board's ethics office to travel using public funds to West Palm Beach?**

I was invited to speak at the Forum Club in March of 2024 and accepted the invitation in May 2024. As I have demonstrated throughout my career, in carrying out my responsibilities, I value input from a wide range of groups, including community and business leaders, industry, consumer groups, academics and Americans from across the country. Visiting different communities and speaking with a wide range of groups and leaders across the country provides a valuable opportunity to hear different perspectives and learn about the issues that are most important to them.

54. During or leading up to the selection of your nomination, did anyone on the Trump campaign, transition team, or other closely related entity approach you about your loyalty to President-elect Trump? Did you sign a loyalty pledge or other similar oath?

No. As I have demonstrated throughout my career, I am committed to carrying out my responsibilities in accordance with the law and by objectively making decisions based on the best available information. If confirmed, my focus will be on fulfilling the responsibilities Congress has directed for the Vice Chair for Supervision.

55. During or leading up to the selection of your nomination, did you discuss Project 2025 with any officials directly or associated with the Trump campaign or the Trump transition team? If so, please explain.

No. As I have demonstrated throughout my career, I am committed to carrying out my responsibilities in accordance with the law and by objectively making decisions based on the best available information. If confirmed, my focus will be on fulfilling the responsibilities Congress has directed for the Vice Chair for Supervision.

56. During or leading up to the selection of your nomination, did you discuss Project 2025 with any officials directly or associated with the Heritage Foundation? If so, please explain.

No. As I have demonstrated throughout my career, I am committed to carrying out my responsibilities in accordance with the law and by objectively making decisions based on the best available information. If confirmed, my focus will be on fulfilling the responsibilities Congress has directed for the Vice Chair for Supervision.

57. Please provide a comprehensive list of the people who approached you about joining the administration.

I am deeply honored to have been nominated by President Trump to fill the role of Vice Chair for Supervision. As I have demonstrated throughout my career, I am committed to carrying out my responsibilities in accordance with the law and by objectively making decisions based on the best available information. If confirmed, my focus will be on fulfilling the responsibilities Congress has directed for the Vice Chair for Supervision.

58. Did any person provide advice to you, oral or written, on your responses to these questions? If so, please provide a comprehensive list of the individuals or organizations that provided assistance.

I have engaged with Board staff to receive their input in compiling these responses. The responses to these questions and the views expressed are my own.

Congressional Oversight and Whistleblower Protection

59. If confirmed, will you commit to making yourself available to provide testimony (including but not limited to briefings, hearings, and transcribed interviews) to the Committee on any matter within its jurisdiction, upon the request of either the Chair or Ranking Member?

I commit to working with the Chairman and Ranking Member on any information requests.

60. If confirmed, will you commit to fully complying with all information requests from me and responding to those requests in a timely manner?

I commit to working with the Chairman and Ranking Member on any information requests.

61. If confirmed, do you intend to respond to congressional information requests differently depending on who is making the request?

I commit to working with all members of Congress on information requests.

62. If confirmed, will you commit to complying with any federal protections for whistleblowers?

I am committed to following the law.