



United States Senate

January 28, 2020

The Honorable Janet Yellen, Secretary
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

Dear Secretary Yellen,

Congratulations on your recent confirmation as Treasury Secretary, and thank you for giving me the honor of introducing you at your confirmation hearing. I can think of no one better to lead the Treasury Department at this pivotal time, and I hope that we can work together to address the critical issue of climate change and its impact on the economy and the financial system.

Watching your January 19 confirmation hearing, I was pleased to hear that you plan to prioritize addressing climate change in your new position. As I mentioned on our December 9 phone call, I introduced the "Addressing Climate Financial Risk Act" in the 116th Congress, and I intend to reintroduce it soon. The legislation includes common-sense provisions (a list is attached) that would help the Treasury Department and federal financial regulatory agencies identify and mitigate climate financial risk.

As chair of the Financial Stability Oversight Council, you are in a position to implement some of the bill's provisions, including creating an advisory committee of climate risk experts, directing the Council to produce a report on the risks that climate change poses to the U.S. financial system, and asking Council members to coordinate their efforts on climate financial risk and to update their supervisory guidance to reflect climate financial risk. I encourage you to move forward with these actions, and also to direct the Federal Insurance Office to develop its own report on addressing climate financial risk in the U.S. insurance regulatory system.

I look forward to working with you on this and other issues, and please feel free to call on me at any time if I can be helpful.

Sincerely,

A handwritten signature in blue ink, appearing to read "Dianne Feinstein".

Dianne Feinstein
United States Senator

WASHINGTON, DC 20510-0504

<http://feinstein.senate.gov>

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Attachment: Provisions of the “Addressing Climate Financial Risk Act”

- Create a permanent Advisory Committee on Climate Financial Risk made up of experts on climate financial risk, climate economics, and climate change on the Financial Stability Oversight Council (FSOC).
- Working with this committee, produce an FSOC report that assesses, and makes recommendations to improve, the ability of the U.S. financial regulatory system to identify and mitigate climate financial risk.
- Update FSOC’s guidance for designating nonbank financial institutions for additional supervision by the Federal Reserve Board to specify how climate financial risk will be taken into account in designation decisions.
- Direct the Federal Insurance Office to assess the potential impact of climate financial risk on the U.S. insurance sector and recommend ways to modernize the U.S. system of climate financial risk regulation in insurance.
- Encourage FSOC member agencies to develop written strategies to identify and mitigate climate financial risk, and to update their supervisory guidance to reflect those strategies.
- Encourage FSOC member agencies to share best practices and coordinate with each other in addressing climate financial risk.
- Encourage FSOC member agencies to work with and coordinate their efforts on climate financial risk with other countries to the extent feasible.