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**Opening Statement
Chairman Michael G. Oxley
Committee on Financial Services**

**Subcommittee on Capital Markets, Insurance and
Government-Sponsored Enterprises
August 1, 2001**

**“Office of Federal Housing Enterprise Oversight Risk-Based
Capital Rule”**

The Capital Markets Subcommittee meets this afternoon to consider the new risk-based capital rule---I think it's fair to say the long-awaited and much anticipated capital rule---that has recently been finalized by the Office of Federal Housing Enterprise Oversight. This hearing is being conducted as part of our responsibilities under the Congressional Review Act.

OFHEO's risk-based capital rule has a long history. I congratulate Armando Falcon, OFHEO's Director and today's witness, for the role he has played in bringing this rule to completion.

Director Falcon, I encourage you to work with the Committee in the year before the rule is finalized in two ways: first to ensure that members understand the importance of the rule and why it is being issued; and second, to ensure that the rule is consistent with congressional intent.

OFHEO is responsible for ensuring that two government sponsored enterprises -- Fannie Mae and Freddie Mac -- are adequately capitalized and operating safely. The 1992 Act, which created OFHEO, directed the agency to issue a risk-based capital rule tied to an enterprise's risk exposure, as well as the current leverage capital rule that is a percentage of assets. It is important that both these capital requirements are in place and being implemented in tandem, so that the enterprises can continue to perform their public mission in a safe and sound manner.

I look forward to Director Falcon's testimony.

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