

Congress of the United States

Washington, DC 20515

October 24, 2025

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

Dear Secretary Bessent,

We write to you in your capacity as Chair of the Financial Stability Oversight Council (FSOC) to express our concerns regarding the disbandment of two committees focused on monitoring climate-related financial risk.¹ Both the Climate-Related Financial Risk Committee (CFRC), and the Climate-Related Financial Risk Advisory Committee (CFRAC) played key roles in informing FSOC on the increasing threat that climate change poses to our economy.

Following the 2008 financial crisis, the Dodd-Frank Act established FSOC to improve collaboration and coordination between the federal financial regulators and to monitor and address risks that threaten the stability of our financial system.² These two committees, consistent with FSOC's statutory mandate, were doing this exact type of work.

In 2020, under the first Trump Administration, a report commissioned by the Commodity Futures Trading Commission (CFTC)³ stated that “climate change poses a major risk to the stability of the U.S. financial system...[and] is already impacting or is anticipated to impact nearly every facet of the economy.”⁴ In fact, the report recommended that FSOC, of which the CFTC is a member, encourage and coordinate the sharing of best practices for monitoring and managing climate-related risks, as well as build the relevant institutional capacity.⁵ This led FSOC under the Biden Administration, in its 2021 report, to reaffirm that climate change presents an emerging and increasing threat to U.S. financial stability and commit to establishing both the CFRC and the CFRAC.⁶ There was broad consensus in support of taking steps to ensure that our regulators are prepared to address potentially systemic risks—and this should continue to be the case, regardless of the source of the risk. It is responsible and prudent risk management to better understand how climate change could destabilize the U.S. economy.

The Climate-Related Financial Risk Committee (CFRC) consisted of staff-level representation from all 15 FSOC members, assisted in identifying and mitigating potential vulnerabilities to climate-related risks, and updated the Council on this subject at least twice a year. The CFRC served as an active forum for interagency information sharing, coordination, and capacity building on climate-related issues, playing a critical role in enabling our financial regulators to learn from one another on emerging best practices for managing and

¹ “READOUT: Financial Stability Oversight Council Meeting”, 10 Sep. 2025, <https://home.treasury.gov/news/press-releases/sb0242>.

² 12 U.S. Code § 5322.

³ “Federal Report Warns of Financial Havoc From Climate Change,” 8 Sep. 2020, <https://www.nytimes.com/2020/09/08/climate/climate-change-financial-markets.html>.

⁴ “Managing Climate Risk in the Financial System,” 2020, <https://www.cftc.gov/sites/default/files/2020-09/9-9-20%20Report%20of%20the%20Subcommittee%20on%20Climate-Related%20Market%20Risk%20-%20Managing%20Climate%20Risk%20in%20the%20U.S.%20Financial%20System%20for%20posting.pdf>.

⁵ “Managing Climate Risk in the Financial System,” pp. 49.

⁶ FSOC Report on Climate-Related Financial Risk, 2021, pp. 5; <https://home.treasury.gov/system/files/261/FSOC-Climate-Report.pdf>.

addressing related risks.⁷ Specifically, the CFRC focused on collecting and analyzing climate-related data, which supported the critical work of the Treasury Department's Office of Financial Research (OFR) and enables FSOC's member agencies to jointly analyze these risks.⁸ The Advisory Committee enhanced and supplemented this work by bringing together external experts from a diverse range of backgrounds, including climate science experts, non-governmental research institutions, academia, the financial services industry, and government agencies with climate expertise.⁹ The Advisory Committee played a key role in keeping our financial regulators informed about potential information gaps and data inconsistencies related to monitoring climate-related risks.

Scientific data clearly indicates that we are experiencing increasingly severe weather events, which are likely to continue impacting our economy. Between 2020 and 2024, the U.S. saw \$746.7 billion in weather and climate billion-dollar disasters.¹⁰ In January of 2025, Los Angeles experienced one of the costliest natural disasters in U.S. history, resulting in more than \$250 billion in financial losses.¹¹

The dissolving of these two committees increases the potential that our current economic vulnerabilities to climate-related shocks metastasize into catastrophic events for our financial system. To ensure that FSOC maintains its focus on climate-related risks as potentially systemic risks, we request that you answer the following questions no later than November 7, 2025:

1. Under the Dodd-Frank Act, FSOC has a statutory duty to identify risks to and respond to emerging threats to U.S. financial stability. For years, our financial regulators have recognized that climate change threatens the stability of our financial system.
 - a. Can you commit that FSOC will continue to take steps to better understand and address climate-related financial stability concerns?
2. In its 2022, 2023, and 2024 annual reports,¹² FSOC has included prominent discussion of climate-related financial risk, in addition to other emerging threats to financial stability.
 - a. Can you commit that FSOC will continue to report on climate-related financial risk in future annual reports and other reports to Congress?
 - b. Can you commit that FSOC will continue to provide recommendations to our financial regulators on how to address climate-related risks in its annual reports?
3. The Climate-Related Financial Risk Committee (CFRC) helped identify the climate and financial data, including on fires and floods, that was made available to FSOC and its member agencies through the

⁷ "FACT SHEET: The Financial Stability Oversight Council and Progress in Addressing Climate-Related Financial Risk," 28 Jul 2022, https://home.treasury.gov/system/files/261/FSOC_20220728_Factsheet_Climate-Related_Financial_Risk.pdf.

⁸ *Id.*; "Office of Financial Research Launches Joint Analysis Data Environment for FSOC," 28 Jul. 2023, <https://www.financialresearch.gov/press-releases/2023/07/28/office-of-financial-research-launches-joint-analysis-data-environment-for-fsoc/>.

⁹ "Key Themes from 2023-2024 Climate-related Financial Risk Advisory Committee Meetings," 15 Jan. 2025, <https://home.treasury.gov/system/files/261/CFRAC-Key-Themes-20250115.pdf>.

¹⁰ 2024: An active year of U.S. billion-dollar weather and climate disasters <https://www.climate.gov/news-features/blogs/beyond-data/2024-active-year-us-billion-dollar-weather-and-climate-disasters#:~:text=Month%2Dby%2Dmonth%20accumulation%20of%20estimated%20costs%20of%20each%20year's,NCEI%20Billion%2Ddollar%20Disasters%20webpage>.

¹¹ AccuWeather estimates more than \$250 billion in damages and economic loss from LA wildfires <https://www.accuweather.com/en/weather-news/accuweather-estimates-more-than-250-billion-in-damages-and-economic-loss-from-la-wildfires/1733821>.

¹² FSOC Annual Report, 2024, <https://home.treasury.gov/system/files/261/FSOC2024AnnualReport.pdf>; FSOC Annual Report, 2023, <https://home.treasury.gov/system/files/261/FSOC2023AnnualReport.pdf>; FSOC Annual Report, 2022, <https://home.treasury.gov/system/files/261/FSOC2022AnnualReport.pdf>.

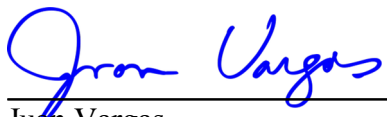
OFR's Joint Analysis Data Environment (JADE) platform. The first use case for the JADE platform was climate-related financial risk, but it is intended to support research and analysis on a variety of financial stability topics.¹³

- a. For Fiscal Years (FY) 2025–2026, the OFR anticipated that many of its strategic objectives would be achieved through data collection capabilities like the JADE platform, which will help U.S. financial regulators, academics, and market participants to advance financial stability.¹⁴ Will research and data on climate-related financial risk continue to be made available to FSOC's member agencies?
 - b. Can FSOC commit to furthering its collection of climate-related data and deepening its collaboration with the OFR for the JADE platform?
4. The CFRC's Scenario Analysis Working Group facilitated information sharing and capacity building for FSOC's member agencies to conduct climate scenario analysis, or in other words, test 'what if' scenarios to examine how climate-related risks may materialize amid possible future events.
- a. Please explain how FSOC plans to advance its development of important tools, including scenario analysis, for the purposes of assessing climate-related financial risks and financial stability.

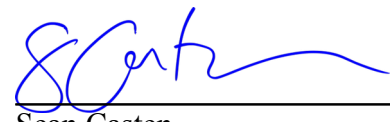
Lastly, we encourage you to consider the consequences of weakening our financial regulators' oversight of climate-related financial risk and urge the Council to reconsider its decision. It only makes our regulators less equipped to deal with future financial crises.

Thank you for your attention to this important matter.

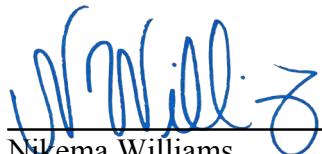
Sincerely,



Juan Vargas
Member of Congress



Sean Casten
Member of Congress



Nikema Williams
Member of Congress



Jared Huffman
Member of Congress



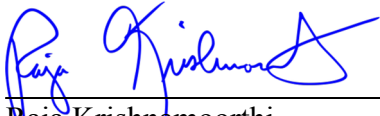
Rashida Tlaib
Member of Congress



Bill Foster
Member of Congress

¹³ "Office of Financial Research Launches Joint Analysis Data Environment for FSOC."

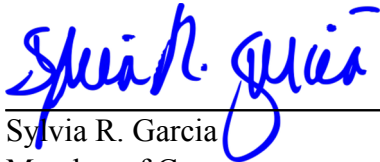
¹⁴ "Strategic Plan FY25-26," <https://www.financialresearch.gov/strategy/>.



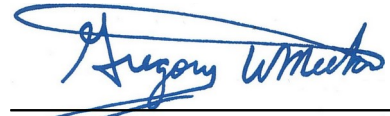
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Emanuel Cleaver, II
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Sylvia R. Garcia
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Ayanna Pressley
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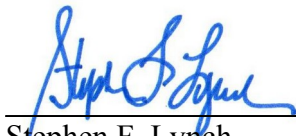
Joyce Beatty
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Mike Levin
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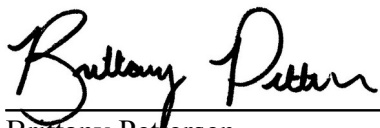
Dan Goldman
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Stephen F. Lynch
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Brad Sherman
Member of Congress



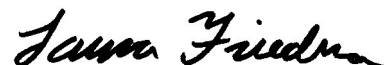
Brittany Pettersen
Member of Congress



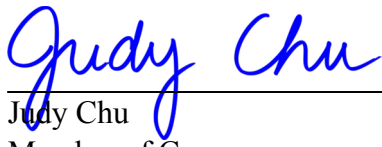
David Scott
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Kevin Mullin
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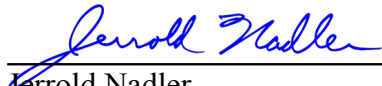
Laura Friedman
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Jerrold Nadler
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Eleanor Holmes Norton
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Mark DeSaulnier
Member of Congress



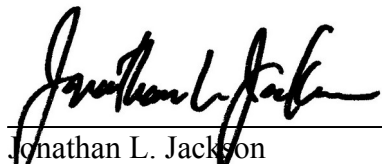
JM Tokuda
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Shri Thanedar
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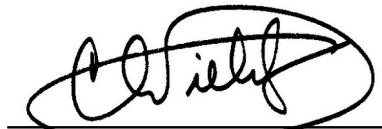
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Cleo Fields
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Ted W. Lieu
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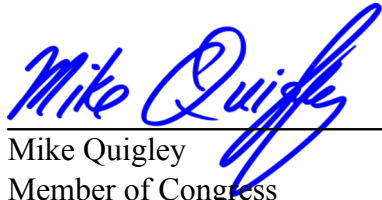
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Nydia M. Velázquez
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Pramila Jayapal
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Brendan F. Boyle
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Raul Ruiz, M.D.
Member of Congress



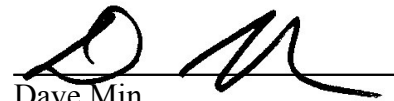
Robert C. "Bobby" Scott
Member of Congress



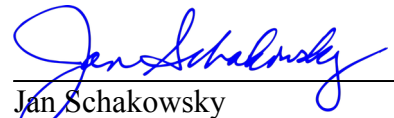
Steve Cohen
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André Carson
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Jan Schakowsky
Member of Congress



Al Green
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