

[Banking and Finance Law Daily Wrap Up, FINANCIAL STABILITY—OCC becomes third agency to leave international climate organization, \(Feb. 12, 2025\)](#)

Banking and Finance Law Daily Wrap Up

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Democratic members of Congress question the withdrawal from the international group Network for Greening the Financial System by the FDIC, Fed, and now the OCC.

As another federal regulatory agency withdraws from international climate organization Network for Greening the Financial System (NGFS), member of the House of Representatives Sean Casten (D-Ill.) and Senator Tina Smith (D-Minn.) [headlined](#) a letter sent to the heads of the Federal Reserve Board and the Federal Deposit Insurance questioning the decisions for the agencies to exit the organization. The [letter](#), dated Feb. 11, 2025, was signed by 20 Democratic members of Congress and sent to Fed Chair Jerome Powell and Acting Chairman of the FDIC Travis Hill. The same day, Acting Comptroller of the Currency Rodney E. Hood issued a [statement](#) on the OCC's withdrawal from the climate risk organization.

The NGFS is a voluntary international coalition of central banks and financial supervisors from 90 countries which seeks to understand climate-related financial risks and analyze the significant threat that these risks pose to the stability of our financial system.

Withdrawal from NGFS was one part of implementing President Trump's Executive Orders [Putting America First in International Environmental Agreements](#) and [Unleashing American Energy](#). In a Jan. 10, 2025, [speech](#) outlining his policy goals for the FDIC, Acting Chairman Hill called for the FDIC to withdraw from membership of the NGFS. "Greening the financial system" is not within the FDIC authorities or mandate, he said. The Fed [announced](#) it was leaving the NGFS on January 17. Then, on January 30, the Treasury Department's Federal Insurance Office notified the NGFS that it had withdrawn its membership (see [Banking and Finance Law Daily](#), Jan. 31, 2025).

In announcing the OCC's formal withdrawal from the international organization, Acting Comptroller of the Currency Rodney E. Hood' points out that the OCC's primary mission is "to ensure the safety, soundness and fairness of national banks and federal savings associations" and that participation in the NGFS goes "well beyond" the agency's statutory responsibilities, and "does not align with our regulatory mandate."

Hood notes that, "[w]hile severe weather events may be a broader societal concern, they do not fall within the OCC's statutory mandate. Going forward, the OCC's focus must singularly remain on fulfilling our core mission."

Climate change and financial stability. The lawmakers' letter, however, states that the Fed and the FDIC have both acknowledged that "climate change poses an emerging threat to U.S. financial stability and related risks can ripple throughout the economy."

The letter goes on to refer to the recent wildfires in Los Angeles as the latest among "a series of climate-driven disasters," and said that they drive up costs, debt, and raise risks of delinquency and default for borrowers, which increases "the likelihood of financial institution failures, and making the United States' financial system more vulnerable to shocks."

The lawmakers also warned that withdrawing from the NGFS will put the federal regulatory agencies out of step with actions being taken by global counterparts. "The U.S. must have a seat at the table to influence these international standards and approaches as they are crafted. Addressing all potential threats to safety,

soundness, and financial stability, regardless of their source, is central to fulfilling your agency's statutory mandate. You should not deviate from those mandates due to political pressure."

The letter also contains a series of questions on the agencies' positions on climate-related financial risk and the decisions to withdraw from the NGFS and the with answers requested by February 25.

1. Is it still the position of the Fed and the FDIC that climate change constitutes an emerging threat to U.S. financial stability?
2. Did any members of the Fed, the FDIC Board of Directors, or agency staff communicate with any officials from the Trump Administration or Trump Transition regarding the Fed's or the FDIC's membership in NGFS? If so, please provide all such written communications and/or a list of meetings with summaries.
3. The Fed published a vote to withdraw from the NGFS. Did any Governor submit a statement for the record regarding the reasoning behind their vote?
4. The FDIC Board of Directors did not appear to vote on the decision to withdraw from the NGFS. Who made the decision to withdraw and under what authority was that decision made? Given that withdrawing from the NGFS would constitute a "major matter" under the FDIC's bylaws, why was a vote not held? Did a majority of the Board express support for this decision?
5. Will the Federal Reserve continue to undertake climate-related financial risk scenario analysis exercises?
6. Will the Federal Reserve and FDIC continue to consider climate-related financial risks in examinations for the institutions it supervises?
7. What are the Federal Reserve's and the FDIC's plans for engaging with international counterparts on climate-related financial risk to ensure the U.S. has a seat at the table to influence international standards, if not through NGFS?

In addition to Rep. Casten and Sen. Smith, the letter was signed by Reps. Joyce Beatty (D-Ohio), André Carson (D-Ind.), Emanuel Cleaver (D-Mo.), Dwight Evans (D-Pa.), Robert Garcia (D-Cal.), Sylvia Garcia (D-Tex.), Raúl Grijalva (D-Ariz.), Hank Johnson (D-Ga.), Mike Levin (D-Cal.), Seth Magaziner (D-R.I.), Jerrold Nadler (D-N.Y.), Jimmy Panetta (D-Calif.), Paul Tonko (D-N.Y.), Juan Vargas (Cal.), and Sens. Elizabeth Warren (D-Mass.), Martin Heinrich (D-N.M.), Jeff Merkley (D-Or.), and Brian Schatz (D-Haw.).

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