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# President James Bullard Addresses

# Questions on Regulatory Reform Proposals

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**What should be the responsibility of a systemic risk regulator?**

I think you need a systemic risk regulator that will look across different types of financial firms and set a level playing field for these different firms; that's what you want. I think it should be the Fed. Even the way it's set up now in the legislation, it sets up the Fed as a regulator of large bank holding companies. Large bank holding companies are Bank of America, Citibank, and then some of these institutions that have switched over to become bank holding companies, and some strange ones like GMAC or even Goldman Sachs or Morgan Stanley. But that still leaves a whole sector out there that is not in the bank holding company world. They're other types of financial firms, but they might as well be — for practical purposes, they'll get into the same businesses and do the same thing.

So a company like GE Capital, what am I supposed to think about GE Capital? State Farm Insurance is up the road here; what am I supposed to think about them? So those guys are then off the radar screen, and just these certain companies are sort of in the regulatory structure. That's exactly what got us into trouble in this crisis, because — especially if there's some kind of uneven playing field, then certain activities will happen over here in the unregulated world, because the regulators tend to frown on it, and then you'll get excesses building up, and you'll get problems developing going forward. That's why you want a systemic risk regulator to look at the whole financial landscape so that you can't have this thing where some firms can step outside the financial landscape and get around the regulatory structure, because that will never work if we go that direction.