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I'd like to thank Secretary Yellen for her leadership on this Council, and to my fellow regulators for another productive and collaborative year working to protect the American people, the institutions we regulate, and the global financial system from new and emerging risks.

I'd also like to thank the Treasury staff and detailees for putting together this year's [Annual Report](#). I know how much work goes into producing the final product, and your tireless efforts are noted and appreciated. The 2024 Report is a cumulative record of the extensive work that the FSOC has done this year.

In 2024, we addressed a number of new and developing risks that are key areas of focus for state regulators, including digital assets, non-bank mortgage servicing, and use of AI in financial services.

This year's Report continues to highlight the growing interconnectedness of digital assets and traditional financial institutions. NYDFS appreciated the opportunity to contribute our experience and expertise as a representative of the states on the Council. However, I must note that this year's Report amends the Council's previous recommendation, and now focuses exclusively on the federal role for comprehensive stablecoin regulation. We share the goal of establishing a national framework to protect consumers across the country, but there is an important role for states to play in the regulation of innovative financial services. States can act nimbly in response to industry developments, to modernize regulations more quickly, and to support responsible innovation. I am proud of the leading work that New York and other states have done to establish strong regulation of digital assets. NYDFS was the first to provide regulatory clarity for stablecoins, which has protected New York consumers and created a strong, resilient market for digital asset businesses in the state. Any legislation should take advantage of state and federal expertise, and the states look forward to continuing to work with Congress as they develop a strong regulatory floor at the federal level.

Likewise, I appreciate that the Annual Report reaffirms the Council's commitment to implement the recommendations from the Report on Nonbank Mortgage Servicing. As the primary prudential regulators of nonbank mortgage companies, states have been leading the way. We have established model prudential standards and have adopted new processes and tools to license and examine these institutions on a multi-state basis. Given the market's rapid growth, I support greater collaboration between state regulators and federal agencies to enhance supervision of nonbank mortgage companies. Stronger coordination across all levels of government will better protect homeowners and the housing market.

I appreciate the opportunity that FSOC provides to bring together regulators from different levels of government, with different perspectives and experiences. I am proud of the progress we have made, and I am proud to represent the innovative work happening in states across the country. The issues we face here have no simple solutions. By continuing to tackle these challenges together, we will more effectively meet our shared mission of protecting consumers, ensuring the health of the entities we regulate, and preserving the stability of the global financial system.

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