

Minutes of the Financial Stability Oversight Council

Held March 27, 2014

PRESENT:

Sarah Bloom Raskin, Deputy Secretary of the Treasury (acting pursuant to delegated authority)
Janet Yellen, Chair, Board of Governors of the Federal Reserve System (Federal Reserve)
Martin J. Gruenberg, Chairperson, Federal Deposit Insurance Corporation (FDIC)
Mary Jo White, Chair, Securities and Exchange Commission (SEC)
Mark P. Wetjen, Acting Chairman, Commodity Futures Trading Commission (CFTC)
Richard Cordray, Director, Consumer Financial Protection Bureau (CFPB)
Melvin Watt, Director, Federal Housing Finance Agency (FHFA)
Thomas J. Curry, Comptroller of the Currency, Office of the Comptroller of the Currency (OCC)
Roy Woodall, Independent Member with Insurance Expertise
Richard Berner, Director, Office of Financial Research, Department of the Treasury (non-voting member)
Michael McRaith, Director, Federal Insurance Office, Department of the Treasury (non-voting member)
John P. Ducrest, Commissioner, Louisiana Office of Financial Institutions (non-voting member)
John Huff, Director, Missouri Department of Insurance, Financial Institutions, and Professional Registration (non-voting member)
David Massey, Deputy Securities Administrator, North Carolina Department of the Secretary of State, Securities Division (non-voting member)

GUESTS:

Department of the Treasury

Mary J. Miller, Under Secretary for Domestic Finance
Christopher J. Meade, General Counsel
Amias Gerety, Deputy Assistant Secretary for FSOC
Patrick Pinschmidt, Executive Director of the Financial Stability Oversight Council

Board of Governors of the Federal Reserve System

Daniel K. Tarullo, Governor

Federal Deposit Insurance Corporation

Jason Cave, Special Advisor to the Chairman for Supervisory Matters

Securities and Exchange Commission

Lona Nallengara, Chief of Staff

Commodity Futures Trading Commission

Joseph Cisewski, Co-Chief Operating Officer and Co-Chief of Staff

Consumer Financial Protection Bureau
Steven Antonakes, Deputy Director

Federal Housing Finance Agency
Mario Ugoletti, Special Advisor to the Director

National Credit Union Administration
John Worth, Chief Economist

Office of the Comptroller of the Currency
John Lyons, Senior Deputy Comptroller and Chief National Bank Examiner

Office of the Independent Member with Insurance Expertise
Chris Ledoux, Senior Advisor

Federal Reserve Bank of New York
William Dudley, President and Chief Executive Officer (by telephone)

Office of Financial Research
Patricia Mosser, Deputy Director for Research and Analysis

Federal Insurance Office
John Nolan, Deputy Director (Financial Stability)

Louisiana Office of Financial Institutions
Michael Stevens, Senior Executive Vice President, Conference of State Bank Supervisors

Missouri Department of Insurance, Financial Institutions, and Professional Registration
Mark Sagat, Counsel and Manager, Financial Policy and Legislation, National Association of Insurance Commissioners

North Carolina Department of the Secretary of the State, Securities Division
Joseph Brady, General Counsel, North American Securities Administrators Association

PRESENTERS:

2014 Annual Report

- *João Santos, Vice President and Function Head, Federal Reserve Bank of New York*
- *Trent Reasons, Senior Policy Advisor, Treasury*

Nonbank Financial Company Designations Stage 3 Analysis Update

- *Felton Booker, Senior Advisor, Banking Supervision & Regulation, Federal Reserve*
- *John Nolan, Deputy Director (Financial Stability), Federal Insurance Office*
- *Todd Cohen, Policy Advisor, Treasury*
- *Diane Fraser, Senior Policy Advisor, Office of the Independent Member with Insurance Expertise*

Nonbank Financial Company Designations Stage 2 Analysis Update

- *John Nolan, Deputy Director (Financial Stability), Federal Insurance Office*
- *Randall Dodd, Senior Policy Advisor, Federal Insurance Office*
- *Todd Cohen, Policy Advisor, Treasury*
- *Scott Alvarez, General Counsel, Federal Reserve*

Markets Update Relating to Developments in Ukraine

- *David S. Cohen, Under Secretary for Terrorism and Financial Intelligence, Treasury*
- *Nathan Sheets, Counselor to the Secretary, Treasury*

Executive Session

The Deputy Secretary called the executive session of the meeting of the Financial Stability Oversight Council (Council) to order at approximately 1:05 P.M. (EDT). She outlined the meeting agenda, which had been previously distributed to the members together with copies of the resolution and other materials. The agenda for the meeting included the following subjects: (1) the Council's 2014 annual report; (2) an update on the nonbank financial company designations stage 3 analysis; (3) an update on the nonbank financial company designations stage 2 analysis; (4) a markets update relating to developments in Ukraine; and (5) consideration of, and a vote on, a resolution approving the minutes of the Council's meeting on February 13, 2014.

1. 2014 Annual Report

The Deputy Secretary introduced the first agenda item, regarding the current draft of the Council's 2014 annual report to Congress. She stated that over the next few weeks it will be important for the Council and staff to engage and reach final agreement on this year's annual report. She then asked João Santos, Vice President and Function Head at the Federal Reserve Bank of New York, and Trent Reasons, Senior Policy Advisor at Treasury, to give a presentation. Mr. Santos and Mr. Reasons stated that the 2014 annual report was currently in the review stage. They discussed and asked for guidance on the proposed emerging threats to U.S. financial stability and proposed recommendations to be included in the report. After the presentation, members of the Council asked questions and had a discussion.

2. Nonbank Financial Company Designations Stage 3 Analysis Update

The Deputy Secretary then introduced the next agenda item, an update on the ongoing analysis of a nonbank financial company that the Council previously had advanced to stage 3 of the designations process. Felton Booker, Senior Advisor, Banking Supervision & Regulation, at the Federal Reserve, provided an update. Diane Fraser, Senior Policy Advisor in the Office of the Independent Member with Insurance Expertise; John Nolan, Deputy Director for Financial Stability in the Federal Insurance Office; and Todd Cohen, Policy Advisor at Treasury, were available to answer questions. The members of the Council asked questions and had a discussion.

3. Nonbank Financial Company Designations Stage 2 Analysis Update

The Deputy Secretary then introduced the next agenda item, an update on the ongoing analysis of a nonbank financial company that is currently in stage 2 of the designations process. John Nolan, Deputy Director for Financial Stability in the Federal Insurance Office, provided an update on the status of the ongoing analysis of a nonbank financial company in stage 2. Randall Dodd, Senior Policy Advisor in the Federal Insurance Office; Todd Cohen, Policy Advisor at Treasury; and Scott Alvarez, General Counsel of the Federal Reserve, were available to answer questions. The members of the Council asked questions and had a discussion.

4. Markets Update Relating to Developments in Ukraine

The Deputy Secretary turned to the next agenda item, a discussion of the current market environment and recent developments related to Ukraine. She introduced David Cohen, Treasury's Undersecretary for Terrorism and Financial Intelligence, and Nathan Sheets, Counselor to the Secretary of the Treasury. Mr. Cohen began the discussion by noting that President Obama has issued three Executive Orders this month that provide a set of flexible tools to use as a response to Russia's activities in Ukraine. To date, Treasury's Office of Foreign Asset Control has designated 31 individuals and one Russian bank. Mr. Cohen also stated that Treasury is mindful of the impact these actions could have on the global economy, and that the United States would continue to respond to Russia's actions in a proportional way. Mr. Sheets then spoke about Russia's linkages to the global economy. After the presentation, the members of the Council asked questions and had a discussion.

5. Other Business

Before moving on to consider approving minutes, the Deputy Secretary noted that the Council will soon announce that it will host a conference on the asset management industry and its activities. The conference will allow senior staff of Council members to hear directly from industry participants and other stakeholders, including academics and public interest groups, and will further inform the work of the Council.

6. Resolution Approving the Minutes of the Meeting held on February 13, 2014

“BE IT RESOLVED, by the Financial Stability Oversight Council (the “Council”), that the minutes attached hereto of the meeting held on February 13, 2014 of the Council are hereby approved.”

The Deputy Secretary asked for a motion to approve the resolution, which was made and seconded. The Council approved the resolution by unanimous vote.

The Deputy Secretary adjourned the meeting at approximately 2:25 P.M. (EDT).