

Minutes of the Financial Stability Oversight Council

Held October 31, 2013

PRESENT:

Jacob J. Lew, Secretary of the Treasury and Chairperson of the Financial Stability Oversight Council (Council)
Ben Bernanke, Chairman, 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)
Gary Gensler, Chairman, Commodity Futures Trading Commission (CFTC)
Richard Cordray, Director, Consumer Financial Protection Bureau (CFPB)
Edward DeMarco, Acting Director, Federal Housing Finance Agency (FHFA)
Debbie Matz, Chairman, National Credit Union Administration (NCUA)
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) (*participating by phone*)
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, Acting Deputy Secretary and Under Secretary for Domestic Finance
Christopher J. Meade, General Counsel
Amias Gerety, Deputy Assistant Secretary for FSOC
Patrick Pinschmidt, Executive Director of the Council

Board of Governors of the Federal Reserve System

Daniel K. Tarullo, Governor
Nellie Liang, Director, Office of Financial Stability Policy and Research

Federal Deposit Insurance Corporation

Jason Cave, Special Advisor to the Chairman for Supervisory Matters

Securities and Exchange Commission

Jennifer B. McHugh, Senior Advisor to the Chair

Commodity Futures Trading Commission

Eric Juzenas, Chief Operating Officer and Senior Counsel

Consumer Financial Protection Bureau

Steve 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

Office of Financial Research

Matthew Reed, Chief Counsel

Federal Insurance Office

John Nolan, Deputy Director (Financial Stability)

Louisiana Office of Financial Institutions

Margaret Liu, Senior 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:

Fiscal Update

- *Jacob J. Lew, Secretary of the Treasury and Chairperson of the Council*

Annual Report Recommendations Update

- *Trent Reardon, Senior Policy Advisor, Treasury*

Asset Management

- *Patrick Pinschmidt, Executive Director of the Council, Treasury*

Global Macro-Economic Environment Update

- *Lael Brainard, Under Secretary for International Affairs, Treasury*

Executive Session

The Chairperson called the executive session of the meeting of the Council to order at approximately 10:07 A.M. (EDT). He then 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) a fiscal update; (2) an update on the Council's 2013 annual report recommendations on interest rate risk; (3) a presentation on asset management; (4) an update on the global macro-economic environment; and (5) consideration of, and a vote on, a resolution approving the minutes of the Council's meetings on September 10, 2013, and October 8, 2013.

1. Fiscal Update

The Chairperson introduced the first agenda item and provided the Council with an update on the U.S. fiscal situation, following the government shutdown and debt ceiling impasse earlier in October. He noted the agreement to raise the debt limit until February 7, 2014, and to continue to fund the government through January 15, 2014. The Chairperson stated that he hoped the debt limit will be addressed well before the February 2014 deadline. The Council members then discussed the effects of the government shutdown and debt ceiling impasse on the economy and financial markets, including short-term funding markets.

2. Annual Report Recommendation: Update on Interest Rate Risk

The Chairperson turned to the next agenda item, which was an update on interest rate risk, and asked Trent Reasons, Senior Policy Advisor at Treasury, to give a presentation. The Council's 2013 annual report made several recommendations with respect to interest rate risk. Following up on these recommendations, Mr. Reasons gave a presentation on analyses related to interest rate risk at various types of financial institutions, including banks and credit unions, broker-dealers, insurance companies, agency real estate investment trusts, and pension funds. After the presentation, members of the Council asked questions and had a discussion.

3. Asset Management

The Chairperson then introduced the next agenda item, regarding asset management, and called on Patrick Pinschmidt, Executive Director of the Council at Treasury, to give a presentation. Mr. Pinschmidt presented on potential approaches for the Council's initial analysis of the asset management industry and its various activities. Following the presentation, members of the Council asked questions and had a discussion.

4. Global Macro-Economic Environment Update

The Chairperson turned to the next agenda item, regarding an update on the global macro-economic environment, and asked Lael Brainard, Under Secretary for International Affairs at Treasury, to give a presentation. Ms. Brainard gave a presentation on the global macro-

economic environment that focused on Europe and emerging economies. After the presentation, members of the Council asked questions and had a discussion.

5. Other Business

The Chairperson emphasized the importance of completing certain rulemakings implementing the Dodd-Frank Wall Street Reform and Consumer Protection Act by the end of 2013.

He also called on Chairman Gensler to present on a new weekly swaps report that was being initiated by the CFTC. The weekly report will provide the public with a detailed view of the swaps marketplace and will cover interest rate and credit asset classes that comprise about 90 percent of the approximately \$400 trillion swaps market.

6. Resolution Approving the Minutes of the Meetings held on September 10, 2013 and October 8, 2013

“BE IT RESOLVED, by the Financial Stability Oversight Council (the “Council”), that the minutes attached hereto of the meetings held on September 10, 2013 and October 8, 2013 of the Council are hereby approved.”

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

The Chairperson adjourned the meeting at approximately 11:41 A.M. (EDT).