

Minutes of the Financial Stability Oversight Council

Held May 24, 2011

PRESENT:

Timothy F. Geithner, Secretary of the Treasury and Chairperson of the Financial Stability Oversight Council

Sheila Bair, Chairperson, Federal Deposit Insurance Corporation (FDIC)

Ben Bernanke, Chairman, Board of Governors of the Federal Reserve System (Federal Reserve)

Edward DeMarco, Acting Director, Federal Housing Finance Agency (FHFA)

Gary Gensler, Chairman, Commodity Futures Trading Commission (CFTC)

Debbie Matz, Chairman, National Credit Union Administration (NCUA)

Mary Schapiro, Chairman, Securities and Exchange Commission (SEC)

John Walsh, Acting Comptroller of the Currency (OCC)

William Haraf, Commissioner, California Department 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

Neal Wolin, Deputy Secretary

Jeffrey Goldstein, Under Secretary for Domestic Finance

Amias Gerety, Deputy Assistant Secretary for FSOC

Laurie Schaffer, Assistant General Counsel (Banking and Finance)

Board of Governors of the Federal Reserve System

Daniel Tarullo, Governor

Commodity Futures Trading Commission

Dan Berkovitz, General Counsel

Comptroller of the Currency

Tim Long, Senior Deputy Comptroller

Federal Deposit Insurance Corporation

Jason Cave, Deputy Director for Monitoring, Office of Complex Financial Institutions

Federal Housing Finance Agency

Mario Ugoletti, Special Advisor to the Director

National Credit Union Administration

David Marquis, Executive Director

Securities and Exchange Commission

Ricardo Delfin, Special Counsel to the Chairman

Federal Reserve Bank of New York

William Dudley, President and Chief Executive Officer

California Department of Financial Institutions

Michael Stevens, Senior Vice President & Director of Regulatory Affairs, Conference of State Bank Supervisors

Missouri Department of Insurance, Financial Institutions, and Professional Registration

Mark Sagat, Government Relations Analyst and Counsel, National Association of Insurance Commissioners

North Carolina Department of the Secretary of State, Securities Division

Deborah House, Director of Policy, North American Securities Administrators Association

PRESENTERS

Macro-environment Overview (Housing Outlook, Commodities Markets Volatility, and U.S. Fiscal Issues)

- *Gary Gensler, Chairman, CFTC*
- *Mary Miller, Assistant Secretary for Financial Markets, Treasury*
- *Nellie Liang, Director, Office of Financial Stability Policy and Research, Federal Reserve*
- *Matthew Rutherford, Deputy Assistant Secretary for Federal Finance, Treasury*
- *Andreas Lehnert, Deputy Director, Office of Financial Stability Policy and Research, Federal Reserve*

FSOC Annual Report

- *Amias Gerety, Deputy Assistant Secretary for FSOC, Treasury*
- *Simon Potter, Senior Policy Advisor, FSOC, Treasury*

Tri-Party Repo Market Reform

- *Susan McLaughlin, Senior Vice President, Federal Reserve Bank of New York*

Designations of Nonbank Financial Companies

- *Lance Auer, Deputy Assistant Secretary for Financial Institutions, Treasury*
- *Nellie Liang, Director, Office of Financial Stability Policy and Research, Federal Reserve*
- *Jason Cave, Deputy Director for Monitoring, Office of Complex Financial Institutions*

Executive Session

Secretary Geithner called the executive session of the meeting of the Financial Stability Oversight Council (Council) to order at 11:00 a.m. (EDT).

The Chairperson outlined the meeting agenda, which had been previously distributed to the member agencies together with copies of the resolution and other materials. The agenda for the meeting included the following subjects: (1) a presentation on the current macro-environment including a discussion on housing, commodities markets volatility, and U.S. fiscal issues; (2) a discussion of the status and work that has been done on the Council's annual report; (3) a presentation on tri-party repo market reforms and issues; (4) a presentation and discussion on designation of nonbank financial companies; and (5) consideration of, and a vote on, the minutes from the March 17, 2011 meeting. The Chairperson indicated that all of the items would be considered in the executive session.

1. Current Macro-environment

The Chairperson turned to the agenda item regarding a presentation on the current macro-environment including a discussion on housing, commodities markets volatility, and U.S. fiscal issues and asked Nellie Liang, Director, Office of Financial Stability Policy and Research, Federal Reserve and Andreas Lehnert, Deputy Director, Office of Financial Stability Policy and Research, Federal Reserve to give their presentation. The individuals listed above provided presentations concerning economic and financial conditions, housing and mortgage markets, and U.S. fiscal issues. Chairman Gensler then provided a presentation to the Council regarding commodities markets volatility. Assistant Secretary Miller and Matthew Rutherford provided an overview of recent U.S. fiscal issues. The members of the Council asked questions regarding the presentations.

2. Annual Report

The Chairperson then turned to the agenda item regarding the status and work that has been done on the annual report. The Chairperson asked Amias Gerety, Deputy Assistant Secretary for FSOC, and Simon Potter, Senior Policy Advisor, FSOC, to make the presentation.

The individuals listed above provided the presentation, which reviewed the statutory requirements for the report, proposed objectives, structure, and content of the report and a timeline for producing the report. The members complimented the work that has been done to date on the report and asked questions regarding the report.

3. Tri-party Repo Reform

The Chairperson asked Susan McLaughlin, Senior Vice President, Federal Reserve Bank of New York, to provide a presentation to the Council regarding tri-party repo market issues and reforms. Ms. McLaughlin reviewed for the Council sources of instability observed during the financial crisis related to the tri-party repo market and how those risks were addressed during the crisis. She discussed the work of the industry task force regarding the tri-party repo market and what

other issues should be addressed. The members of the Council asked questions regarding the presentations.

4. Designation of Nonbank Financial Companies

The Chairperson called on Lance Auer, Deputy Assistant Secretary for Financial Institutions, Treasury; Nellie Liang, Director, Office of Financial Stability Policy and Research, Federal Reserve, and Jason Cave, Deputy Director for Monitoring, Office of Complex Financial Institutions, FDIC, to provide a presentation on the work of the interagency staff on the framework and process for designations of nonbank financial companies. The members of the Council asked question about the presentation and discussed the designation process.

5. Resolution Approving the Minutes of the March 17, 2011 Meeting

“BE IT RESOLVED, by the Financial Stability Oversight Council (the “Council”) that the minutes attached hereto of the March 17, 2011 meeting of the Council are hereby approved.”

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

The Chairperson then asked for a motion to adjourn the meeting, which was made. The Chairperson adjourned the meeting at approximately 12:55 p.m. (EST).