

## Minutes of the Financial Stability Oversight Council

Held January 9, 2014

### PRESENT:

Mary J. Miller, Acting Deputy Secretary of the Treasury and Under Secretary for Domestic Finance (acting pursuant to delegated authority)  
Janet Yellen, Vice Chair, Board of Governors of the Federal Reserve System (Federal Reserve) (acting pursuant to delegated authority)  
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)  
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)  
David Massey, Deputy Securities Administrator, North Carolina Department of the Secretary of State, Securities Division (non-voting member)

### GUESTS:

#### Department of the Treasury

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  
Nellie Liang, Director, Office of Financial Stability Policy and Research  
Scott Alvarez, General Counsel

#### 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

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 (*participating by phone*)

Office of Financial Research

Patricia Mosser, Deputy Director for Research and Analysis

Federal Insurance Office

Philip Goodman, Senior Insurance Regulatory Policy Advisor

Louisiana Office of Financial Institutions

Michael L. 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:

*The 2014 Annual Report*

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

### *Enhanced Prudential Standards*

- *Mark Van Der Weide, Deputy Director of Banking Supervision and Regulation, Federal Reserve*
- *Elizabeth MacDonald, Senior Supervisory Financial Analyst, Federal Reserve*
- *Jordan Bleicher, Supervisory Financial Analyst, Federal Reserve*

### **Executive Session**

Acting Deputy Secretary Miller called the executive session of the meeting of the Financial Stability Oversight Council (Council) to order at approximately 1:03 P.M. (EDT). She began by welcoming Vice Chair Janet Yellen of the Federal Reserve, who had been confirmed by the Senate to succeed Chairman Ben Bernanke, Acting Chairman Mark Wetjen of the CFTC, and Director Melvin Watt of the FHFA. She 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) the Council's 2014 annual report; (2) enhanced prudential standards; and (3) consideration of, and a vote on, a resolution approving the minutes of the Council's meeting on December 9, 2013.

#### 1. 2014 Annual Report

Acting Deputy Secretary Miller introduced the first agenda item, regarding plans for the Council's 2014 annual report to Congress, and 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 provided an overview of the timeline and process for the Council's 2014 annual report. They stated that the staff proposal for the Council's 2014 annual report includes updates on efforts to follow up on 2013 annual report recommendations, including with respect to short-term wholesale funding, interest rate risk, and cybersecurity. They further discussed possible topics for inclusion in the Council's 2014 annual report. After the presentation, members of the Council asked questions and discussed, among other things, issues related to data standards, money market mutual funds, and short-term funding markets.

#### 2. Enhanced Prudential Standards

Acting Deputy Secretary Miller turned to the next agenda item, regarding enhanced prudential standards, and called on Mark Van Der Weide, Deputy Director of Banking Supervision and Regulation at the Federal Reserve; Elizabeth MacDonald, Senior Supervisory Financial Analyst, at the Federal Reserve; and Jordan Bleicher, Supervisory Financial Analyst at the Federal Reserve, to give a presentation. Ms. MacDonald and Mr. Bleicher presented on rules proposed by the Federal Reserve regarding enhanced prudential standards for large U.S. and foreign banking firms. Sections 165 and 166 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) direct the Federal Reserve to implement enhanced prudential standards and early remediation requirements for U.S. bank holding companies with total consolidated assets of \$50 billion or more, foreign banking organizations (FBOs) with a U.S. banking presence and total consolidated assets of \$50 billion or more, and nonbank financial companies that the Council has determined shall be supervised by the Federal Reserve. Ms. MacDonald and Mr. Bleicher provided an overview of some of the policy objectives of the FBO

proposal. They also discussed other aspects of the rules, including requirements for intermediate holding companies for FBOs and capital and liquidity requirements. They further discussed comments received on the rules and changes to the rules recommended by the staff. They noted that the Federal Reserve intends to finalize certain of the rules in early 2014. After the presentation, members of the Council asked questions and had a discussion. Among other issues, Council members discussed how the rules implementing Sections 165 and 166 of the Dodd-Frank Act fit into the broader international context of financial reform, whether firms are already adapting their business models in anticipation of the new rules, and application of the rules to designated nonbank financial companies, including application to insurance companies in light of Section 171 of the Dodd-Frank Act.

3. Resolution Approving the Minutes of the Meeting held on December 9, 2013

*“BE IT RESOLVED, by the Financial Stability Oversight Council (the “Council”), that the minutes attached hereto of the meeting held on December 9, 2013 of the Council are hereby approved.”*

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

Acting Deputy Secretary Miller adjourned the meeting at approximately 1:59 P.M. (EST).