

## Minutes of the Financial Stability Oversight Council

Held March 21, 2016

### PRESENT:

Jacob J. Lew, Secretary of the Treasury and Chairperson of the Financial Stability Oversight Council (Council)  
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)  
Timothy Massad, 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)  
Debbie Matz, Chairman, National Credit Union Administration (NCUA)  
Roy Woodall, Independent Member with Insurance Expertise  
Richard Berner, Director, Office of Financial Research (OFR), Department of the Treasury (nonvoting 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)  
Adam Hamm, Commissioner, North Dakota Insurance Department (non-voting member)  
Melanie Lubin, Securities Commissioner, Maryland Office of the Attorney General, Securities Division (non-voting member)

### GUESTS:

#### Department of the Treasury (Treasury)

Sarah Bloom Raskin, Deputy Secretary of the Treasury  
Antonio Weiss, Counselor to the Secretary  
Patrick Pinschmidt, Deputy Assistant Secretary and Executive Director of the Council  
Eric Froman, Deputy Assistant General Counsel for the Council

#### Board of Governors of the Federal Reserve System

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

Nathaniel Stankard, Deputy Chief of Staff

#### Commodity Futures Trading Commission

Lawranne Stewart, Special Counsel

Consumer Financial Protection Bureau  
Ron Borzekowski, Assistant Director for Research

Federal Housing Finance Agency  
Sandra Thompson, Deputy Director, Division of Housing Mission and Goals

Comptroller of the Currency  
Jonathan Fink, Special Counsel to the Comptroller

National Credit Union Administration  
Ralph Monaco, Chief Economist

Office of the Independent Member with Insurance Expertise  
Charles Klingman, Senior Advisor

Federal Reserve Bank of New York  
William Dudley, President and Chief Executive Officer

Office of Financial Research  
Stacey Schreft, Deputy Director for Research and Analysis

Federal Insurance Office  
Steven Seitz, Deputy Director (Financial Stability)

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

North Dakota Insurance Department  
Mark Sagat, Counsel and Manager, Financial Policy and Legislation, National Association of Insurance Commissioners

Maryland Office of the Attorney General, Securities Division  
Christopher Staley, Counsel, North American Securities Administrators Association

**PRESENTERS:**

*Update on Review of Asset Management Products and Activities*

- *Patrick Pinschmidt, Deputy Assistant Secretary and Executive Director of the Council, Treasury (available for questions)*
- *Charles Cohen, Deputy Director of Analysis, Treasury (available for questions)*
- *Stephen Ledbetter, Director of Policy, Treasury (available for questions)*
- *Lyndsay Huot, Deputy Director of Policy, Treasury (available for questions)*
- *Nellie Liang, Director, Office of Financial Stability Policy and Research, Federal Reserve (available for questions)*

**Executive Session**

The Chairperson called the executive session of the meeting of the Council to order at approximately 4:02 P.M. (EST). The Council convened by teleconference to discuss the Council's review of potential risks to financial stability arising from asset management products and activities.

The Chairperson led the discussion. He explained that the purpose of this discussion was to discuss a draft public statement on asset management to be issued by the Council. He noted that work was ongoing to develop the draft document, which was subject to continuing review and revision. He also noted that the analysis had led to a focus on potential financial stability risks arising from two areas: liquidity and redemption risk and leverage. Council members then asked questions and had a discussion about potential liquidity and redemption risks, including with relation to certain ongoing rulemakings by the SEC. Council members then asked questions and had a discussion about potential leverage risks, including the importance of sharing data among regulators to evaluate potential risks. Council members also discussed potential next steps with respect to both liquidity and redemption risk and leverage. The Chairperson noted that the draft statement also addressed potential risks to financial stability arising from securities lending, operational risks of service provider concentrations, and resolvability and transition planning.

The Chairperson concluded by noting that the Council's work in this area is complementary to the SEC's ongoing rulemaking initiatives regarding asset management, with the Council focused on potential risks to financial stability. He noted that the Council's efforts require coordination among relevant regulators and expressed appreciation for the agencies' work.

The Chairperson adjourned the meeting at approximately 4:57 P.M. (EST).