

Minutes of the Financial Stability Oversight Council

Held June 24, 2016

PRESENT:

Jacob J. Lew, Secretary of the Treasury and Chairperson of the Financial Stability Oversight Council (Council)
Janet L. 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)
Rick Metsger, 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 (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)
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
Mark Kaufman, Counselor to the Deputy Secretary
Jonah Crane, Senior Advisor, Office of Domestic Finance

Board of Governors of the Federal Reserve System

Daniel 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

Michael Liftik, Deputy Chief of Staff

Commodity Futures Trading Commission

Lawranne Stewart, Special Counsel

Consumer Financial Protection Bureau

Ron Borzekowski, Assistant Director for Research

Comptroller of the Currency

Grace Dailey, Senior Deputy Comptroller for Bank Supervision Policy and Chief National Bank Examiner

National Credit Union Administration

Ralph Monaco, Chief Economist

Office of the Independent Member with Insurance Expertise

Diane Fraser, Senior Policy Advisor

Federal Reserve Bank of New York

William Dudley, President and Chief Executive Officer
Sandra Lee, Director, Policy and Financial Services Strategy Office

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

Jim Cooper, Senior Vice President for Policy, 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 Market Developments

- *Ramin Toloui, Assistant Secretary for International Finance, Treasury*
- *Daleep Singh, Acting Assistant Secretary for Financial Markets, Treasury*

Executive Session

The Chairperson called the executive session of the meeting of the Council to order at approximately 4:33 P.M. (EDT). The meeting was conducted by teleconference to discuss the United Kingdom (U.K.) referendum on membership in the European Union.

The Chairperson introduced Ramin Toloui, Assistant Secretary for International Finance at Treasury. Mr. Toloui described market reactions since the announcement that the outcome of the U.K. referendum on membership in the European Union was to leave the European Union. He explained that the outcome of the referendum was a surprise to the markets and had caused large movements in foreign exchange rates and European stock prices, including the stock prices of European financial institutions. He noted that market functioning had nonetheless been orderly. He described Treasury's coordination with its international counterparts, including the Group of Seven, and noted the resulting communication, as well as other official-sector communications. He also noted that Treasury would continue to closely monitor developments related to the U.K. referendum.

The Chairperson then turned to Daleep Singh, Acting Assistant Secretary for Financial Markets at Treasury. He noted U.S. markets had been operating normally and that there had been orderly market functioning, with no disruptions of the opening or closing of equity markets, despite high trading volumes.

Members of the Council then asked questions and had a discussion about their observations regarding the effects of the U.K. referendum on markets and market participants, including bank holding companies, insurance companies, and securities and derivatives markets. Council members noted that there had been significant market volatility but that market functioning had been orderly, with no reports of significant trading halts or breakdowns. Council members also discussed the coordination among Council member agencies and their communications with their foreign counterparts, including U.K. authorities. In addition, Council members noted that they intended to monitor both the short-term effects of the outcome of the referendum and also any long-term market, economic, or political impacts.

The Chairperson adjourned the meeting at approximately 5:03 P.M. (EDT).