

# U.S. DEPARTMENT OF THE TREASURY

## Press Center



## Remarks by Treasury Secretary Jacob J. Lew at the Meeting of the Financial Stability Oversight Council (FSOC)

4/25/2013

### *As prepared for delivery*

I would like to call the Financial Stability Oversight Council meeting back to order.

I want to start by welcoming Mary Jo White to the Council. I also want to thank Elisse Walter for her hard work over the past several months.

We are meeting to discuss the Council's annual report. I will talk more about the report in a few moments, but first I would like to take note of why continuing our work on financial reform is absolutely essential.

As we gather together today, the financial system is much more resilient than it was five years ago, and members of this Council have made a great deal of progress in building a safer system, including much progress over the last year.

The Federal Reserve issued a new framework for the consolidated supervision of large financial institutions in December.

The Securities and Exchange Commission and the Commodity Futures Trading Commission continue to fill in the remaining pieces of a new comprehensive oversight framework for derivatives that will reduce risk and increase transparency.

The Consumer Financial Protection Bureau finalized new mortgage rules that provide additional protections for borrowers.

And the FDIC continued to implement the new framework for orderly liquidation authority.

So we have made important strides over the last year, and our financial system is stronger. But, as everyone here knows, much work still remains.

Let me turn now to what is happening today.

In an executive session, we discussed the Council's continued analysis of nonbank financial companies. It is critically important that the Council take the time to get the analysis right, and we expect to vote on designations of an initial set of nonbank financial companies soon.

The Council's 2013 annual report released today informs the public about actions the Council has taken over the past year, developments in the financial system during that time, and the challenges ahead.

Our annual report also lays out a number of recommendations to increase the stability of our financial system. I would like to briefly highlight some of the specific areas covered in the report.

A great deal of work remains to attract private capital to our nation's housing finance system and bolster a housing market showing signs of recovery.

We need to strengthen markets that may be susceptible to destabilizing runs and fire sales.

We need to increase our vigilance to operational risks, whether from cyberattacks or from devastating acts of nature like we saw with Superstorm Sandy.

And we must work with our foreign counterparts to reform the governance and integrity of financial benchmark reference rates like LIBOR and to consider transitions toward alternative benchmarks.

In closing, I want to thank the members of the Council and their staffs for working tirelessly to put together this year's report and make the financial system more resilient.

And now before we begin with the presentation, I want to give the members of the Council the opportunity to make opening remarks.

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