

Financial Stability Oversight Council Releases Annual Report

December 19, 2018

Washington – The Financial Stability Oversight Council (Council) today published its 2018 annual report. The Council’s annual reports describe significant financial market and regulatory developments, potential emerging threats to U.S. financial stability, recommendations to promote U.S. financial stability, and the activities of the Council, among other things.

“The Council’s report represents the collective view of U.S. financial regulators on how to promote financial stability and mitigate systemic risk that would negatively affect the economy,” said Treasury Secretary Steven T. Mnuchin. “The Council remains focused on risks to financial stability.”

Recommendations in the annual report include:

- As part of broader efforts to address threats to cybersecurity, the Council supports efforts to ensure agencies have the authorities necessary to supervise and enhance third-party service provider information security.
- To complete the transition to a new alternative reference rate, the Council recommends that member agencies work closely with market participants to identify and mitigate risks from potential dislocations during the transition process.
- Amid a prolonged credit expansion, the Council recommends that agencies continue to monitor levels of nonfinancial business leverage, trends in asset valuations, and potential implications for the entities they regulate in order to assess and reinforce their ability to manage severe, simultaneous losses in those markets.
- The Council recommends that federal and state financial regulators continue to work together to evaluate regulatory overlap and duplication, modernize outdated regulations, and, where authority exists, tailor regulations based on the size and complexity of financial institutions.

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