



OFFICE OF FINANCIAL RESEARCH

**FINANCIAL RESEARCH
ADVISORY COMMITTEE**

**Summary of the Minutes of the
Department of Treasury
Office of Financial Research (OFR)
Financial Research Advisory Committee
Public Meeting
February 15, 2018**

Committee Members Present:

Joseph Abate	Laurence W. Lannom
Lewis Alexander	Rosemary Marcuss
John Bottega	Ann Niederpruem
John Campbell	Sandie O'Connor
Nicolas Christin	Bryce Pippert
Sarah Dalhgren	Kermit "Kim" Schoenholtz
Tom Dunlap	Rene Stulz
Lawrence Goodman	Colin Teichholtz
William Hodash	Kay Vicino
Greg Hopper	Susan Wachter
Steve Joachim	Betsy Ward
Katheryn Judge	David Weisbrod
Sandy Krieger	Michael Wellman
Randall S. Kroszner	

Committee Members Absent:

Nellie Liang
Andrew Metrick

Date and Time: February 15, 2018, from 9:30 a.m. to 12:15 p.m.

Location: Treasury Department, Washington, D.C.

Purpose: Public meeting

OFR Staff: Ken Phelan, Acting Director
Melissa Avstreich, Designated Federal Officer



Welcome and Opening Remarks

OFR Acting Director Ken Phelan welcomed committee members to the 11th meeting of the Financial Research Advisory Committee and previewed the day's agenda.

Following Phelan's remarks, Craig Phillips, Senior Counselor to the Secretary of the Treasury, welcomed committee members. FRAC Chairman Lewis Alexander then made opening remarks.

Updates from Subcommittee and Working Groups

Kay Vicino discussed the priorities of the Data Technology Standards subcommittee, including work relating to the adoption of the Legal Entity Identifier, data governance, and the financial instrument reference database.

David Weisbrod discussed previous and current projects of the Financial Services Risk Management subcommittee, including central counterparty connectivity and governance, capital requirements for banks, and risk in Treasury markets.

John Campbell detailed how the Research subcommittee supported previous OFR initiatives, such as the Financial System Vulnerabilities Monitor.

Kate Judge and Michael Wellman gave an update on the Financial Innovations Working Group, including projects relating to cryptocurrency, block chain, and distributed ledger.

Feedback on Reports the Treasury Department Drafted in Response to the Presidential Executive Order on Core Principles for Regulating the United States Financial System

Bimal Patel, Deputy Assistant Secretary for the Financial Stability Oversight Council (FSOC), thanked members for their service on the committee and provided an overview of this part of the meeting.

Jared Sawyer, Deputy Assistant Secretary for Financial Institutions Policy, presented findings from the Treasury Department's report on *Asset Management and Insurance*. The committee discussed the characteristics of an activities-based approach to systemic risk, as well as what relevant data sets may be available.

Patel asked members to suggest ways to conduct a cost-benefit analysis of a systemically important designation.



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Moses Kim, Deputy Director of the Office Financial Institutions Policy, presented findings from the Treasury Department's report on *Banks and Credit Unions*. The committee discussed how to strike the right balance between the Volker Rule's limits on proprietary trading and market making.

Brian Smith, Director of the Office of Capital Markets, presented findings from the Treasury Department's report on *Capital Markets*. The committee discussed what actions and data could be useful to understand the potential systemic risks related to the failure of a central counterparty clearing house.

Closing Remarks

Patel thanked the members for their involvement with the committee and their valuable insights.

Alexander and Kroszner thanked members for their service and highlighted the role the OFR can play in assisting FSOC in evaluating the discussed policies.

Phelan thanked members for their service, and adjourned the meeting.

M. Marsh
5/7/18

Lewis Alexander
5/7/18

