



**Summary of the Minutes of the Department of the Treasury
Office of Financial Research (OFR) Financial Research Advisory Committee
Public Meeting held on Thursday, February 27, 2020**

Committee Members Present:

Randall Kroszner (via phone)
Lawrence Goodman
Kathryn Judge
Steve Joachim
Kermit "Kim" Schoenholtz
Greg Hopper
Rosemary Marcuss
Sandie O'Connor

Tom Dunlap (via phone)
James Nevels
Mickey Levy
John Ryding
Sarah Dahlgren
Colin Teichholtz
David Weisbrod
William Hodash

Committee Members Absent:

Nicolas Christin
Marc Sumerlin

Charlie Plosser
Jason Trennert

Date and Time: February 27, 2020, from 9:00 a.m. - 11:30 a.m., 12:30 p.m. - 2:00 p.m.

Location: United States Treasury Department, Washington, D.C.

Purpose: Public Meeting

OFR Staff: Dino Falaschetti, Director
Alex Pollock, Principal Deputy Director, Research and Analysis and Data
Cornelius Crowley, Deputy Director, Data
Stacey Schreft, Deputy Director, Research and Analysis
Melissa Avstreich, Designated Federal Officer

Welcome and Introductions

OFR Director Dino Falaschetti welcomed committee members to the 15th meeting of the Financial Research Advisory Committee and previewed the day's agenda.

Following Falaschetti's remarks, FRAC Chairman Randy Kroszner and Vice Chairwoman Sarah Dahlgren made opening remarks.

Discussions

Members discussed two topics:

- (1) Greg Hopper and Mickey Levy moderated a discussion about where the most important capital adequacy issues are and how they should be addressed.
- (2) Sarah Dahlgren moderated a discussion about where increased transparency can further financial stability.

Demonstration of the OFR's Bank Systemic Risk Monitor

OFR staff demonstrated the Bank Systemic Risk Monitor, an enhanced financial stability monitoring tool the Office released in February 2020.

Introduction and Discussion of New Charges, Cash Room

Alex Pollock suggested that members be prepared to discuss the following topics at the July 2020 public meeting:

1. *Clearing Members' Management of Risks to CCP Exposures*
 - a. What methods and metrics are financial market participants (especially clearing members) using to analyze and manage their exposures to CCPs?
 - b. Are clearing member risk management practices regarding their exposures to CCPs adequate, including the risks arising from membership in multiple CCPs?
2. *Nonbank Mortgage Servicing and Origination*
 - a. What potential vulnerabilities are associated with the increasing share of nonbanks originating and servicing mortgages?
 - b. To what extent could distress among nonbank mortgage companies transmit risk to the financial system?
3. What does the significant move to passive investing in debt instruments mean to the riskiness of the system?

Closing Remarks

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

M. Falascetti
3/16/20

Ronald J. ...
3-16-20