Minutes of the Financial Stability Oversight Council

December 16, 2022

PRESENT:

Janet L. Yellen, Secretary of the Treasury and Chairperson of the Financial Stability Oversight Council (Council)
Jerome H. Powell, Chair, Board of Governors of the Federal Reserve System (Federal Reserve) (via videoconference)
Martin Gruenberg, Acting Chairman, Federal Deposit Insurance Corporation (FDIC)
Gary Gensler, Chair, Securities and Exchange Commission (SEC)
Rostin Behnam, Chairman, Commodity Futures Trading Commission (CFTC)
Rohit Chopra, Director, Consumer Financial Protection Bureau (CFPB) (via videoconference)
Sandra L. Thompson, Director, Federal Housing Finance Agency (FHFA)
Michael J. Hsu, Acting Comptroller of the Currency, Office of the Comptroller of the Currency (OCC)
Todd M. Harper, Chairman, National Credit Union Administration (NCUA) (via videoconference)
Thomas E. Workman, Independent Member with Insurance Expertise
Steven Seitz, Director, Federal Insurance Office (FIO), Department of the Treasury (non-voting member)
Charles G. Cooper, Commissioner, Texas Department of Banking (non-voting member)
Elizabeth K. Dwyer, Superintendent of Financial Services, Rhode Island Department of Business Regulation (non-voting member) (via videoconference)
Melanie Lubin, Securities Commissioner, Maryland Office of the Attorney General, Securities Division (non-voting member)

GUESTS:

Department of the Treasury (Treasury)
Nellie Liang, Under Secretary for Domestic Finance
Sandra Lee, Deputy Assistant Secretary for the Council
Laurie Schaffer, Principal Deputy General Counsel
Eric Froman, Assistant General Counsel (Banking and Finance)
Sean Hoskins, Director of Policy, Office of the Financial Stability Oversight Council

Board of Governors of the Federal Reserve System
Michael Barr, Vice Chair for Supervision
Andreas Lehnert, Director, Division of Financial Stability

Federal Deposit Insurance Corporation
James McGraw, Senior Deputy Director, Division of Complex Institution Supervision and Resolution

Securities and Exchange Commission
Amanda Fischer, Senior Counselor

Commodity Futures Trading Commission
David Gillers, Chief of Staff

Consumer Financial Protection Bureau
Gregg Gelzinis, Advisor to the Director

Federal Housing Finance Agency
Naa Awaa Tagoe, Deputy Director, Division of Housing Mission and Goals

Comptroller of the Currency
Jay Gallagher, Senior Deputy Comptroller for Supervision Risk and Analysis

National Credit Union Administration
Catherine Galicia, Chief of Staff

Office of the Independent Member with Insurance Expertise
Charles Klingman, Senior Policy Advisor

Federal Reserve Bank of New York
John Williams, President (via videoconference)
Anna Kovner, Director of Financial Stability Policy Research

Office of Financial Research (OFR)
James Martin, Deputy Director, Operations (via videoconference)
Sriram Rajan, Associate Director, Research Analysis Center

Federal Insurance Office
Philip Goodman, Senior Insurance Regulatory Policy Analyst

Texas Department of Banking
Karen Lawson, Executive Vice President for Policy and Supervision, Conference of State Bank Supervisors

Rhode Island Department of Business Regulation
Ethan Sonnichsen, Managing Director, National Association of Insurance Commissioners (via videoconference)

Maryland Office of the Attorney General, Securities Division
Kristen Hutchens, Director of Policy and Government Affairs, and Policy Counsel, North American Securities Administrators Association

PRESENTERS:

Market Developments Related to Digital Assets
- *Leslie Conner Warren, Digital Assets Specialist, Federal Reserve Bank of New York*

Update on Inter-Agency Working Group on Treasury Market Surveillance
- *Joshua Frost, Assistant Secretary for Financial Markets, Treasury*

SEC Open-End Funds Proposed Rule
- *William Birdthistle, Director, Division of Investment Management, SEC*
- *Sarah ten Siethoff, Deputy Director, Division of Investment Management, SEC*

LIBOR Transition
- *Michael Barr, Vice Chair for Supervision, Federal Reserve*

Climate-related Financial Risks
- *Michael Barr, Vice Chair for Supervision, Federal Reserve*
- *Kevin Stiroh, Senior Advisor, Division of Supervision and Regulation, Federal Reserve*

2022 Annual Report
- *Sandra Lee, Deputy Assistant Secretary for the Council, Treasury*
- *Jeff Gerlach, Vice President, Quantitative Supervision and Research Unit, Federal Reserve Bank of Richmond*

Executive Session

The Chairperson called the executive session of the meeting of the Council to order at approximately 10:00 A.M. The Chairperson began by noting that the meeting was the last Council meeting for Charles Cooper, Commissioner of the Texas Department of Banking, and she thanked him for his service. She then outlined the meeting agenda, which had previously been distributed to the members together with other materials. The agenda for the executive session included (1) an update on recent market developments related to digital assets, (2) an update on recent work by the Inter-Agency Working Group on Treasury Market Surveillance, and (3) the SEC's proposed rule on open-end funds.

1. Market Developments Related to Digital Assets

The Chairperson introduced the first agenda item, an update on recent market developments related to digital assets. She introduced Leslie Conner Warren, Digital Assets Specialist at the Federal Reserve Bank of New York.

Ms. Conner Warren stated that she would provide an update on developments related to the bankruptcy of the crypto-asset exchange FTX and its implications for digital assets. She began by noting that FTX and over 130 of its affiliates had filed for bankruptcy on November 11 following a run on its platform. She noted FTX's affiliate LedgerX, which is regulated by the

CFTC and remained solvent, was not included in the bankruptcy filing. She noted that contagion resulting from these events had been concentrated within the crypto ecosystem.

Ms. Conner Warren said that crypto-asset prices declined by approximately 20 percent in the immediate aftermath of these events. She stated that the impact to the financial system had been limited to firms with direct ties to FTX and crypto assets, and noted that financial stability had not been affected. She stated that this outcome was consistent with the assessment in the Council's report on digital assets, issued in October 2022, which noted that while the interconnections of crypto-asset activities to the traditional financial system were relatively limited, such activities could pose risks to the stability of the U.S. financial system if their interconnections with the traditional financial system or their overall scale were to grow without adherence to or being paired with appropriate regulation, including enforcement of the existing regulatory structure. She noted, however, that member agencies continued to monitor entities with exposures to crypto assets. She stated that stablecoins had avoided mass redemptions and that most major stablecoins had maintained dollar parity. She said that market participants had indicated that further insolvencies and consolidation remained likely. She stated in conclusion that the FTX bankruptcy and its effects on the crypto ecosystem underscored many of the themes and recommendations in the Council's digital assets report regarding interconnectedness, conflicts of interest, vertical integration of financial services, and activity across networks of differently regulated legal entities, among others.

Following the presentation, the Chairperson stated that the collapse of FTX and subsequent crypto-asset market developments had underscored the need to address the risks identified in the Council's digital assets report. She said that while the stress in this market had not resulted in significant spillovers to the traditional financial sector given the limited interconnections, this may not be true in future stress events. She also noted that many consumers had experienced large losses. She said that recent events served as a reminder of the need for Congress and Council member agencies to act on the recommendations in the Council's report.

Council members then had a discussion regarding interconnections between FTX and its affiliates, the vertical integration of crypto activities, and the importance of authority for regulators to examine affiliates of crypto market participants.

2. Update on Inter-Agency Working Group on Treasury Market Surveillance

The Chairperson then turned to the next agenda item, an update on recent work by the Inter-Agency Working Group on Treasury Market Surveillance (IAWG). She introduced Joshua Frost, Assistant Secretary for Financial Markets at Treasury.

Mr. Frost stated that he would describe the progress that the IAWG, whose members are Treasury, the Federal Reserve, the Federal Reserve Bank of New York, the SEC, and the CFTC, had made toward enhancing Treasury market resilience. He said that while significant progress had been made, recent market volatility and corresponding challenges in Treasury market liquidity highlighted the importance of the official sector continuing to make progress in its efforts to improve Treasury market resilience. He stated that in November 2022, the IAWG had published a staff progress report that provided an update on progress made since the previous

staff report was published in November 2021. He said that the staffs of the IAWG members had focused their efforts on several workstreams.

Mr. Frost began by highlighting three developments in a workstream focused on improving the resilience of Treasury market intermediation. First, he said that the SEC had proposed expanding the definition of "dealer" to improve the oversight of significant liquidity providers in the Treasury market, including principal trading firms. Second, he noted that the Federal Reserve Bank of New York had published a staff report on "All-to-All Trading in the U.S. Treasury Market," which evaluated the benefits of broader all-to-all trading and the challenges faced in achieving more widespread adoption. He also noted that IAWG staff had conducted preliminary analysis of potential avenues through which a more uniform margin regime could be achieved between centrally cleared and non-centrally cleared repurchase agreement (repo) markets and intended to continue to study this topic.

Mr. Frost next discussed progress in a workstream focused on improving data quality and availability. He noted a number of developments related to enhancing official-sector data collections. He said that the OFR had conducted a pilot data collection of non-centrally cleared bilateral repo transactions and was preparing a rulemaking for a permanent collection, which would be designed to close this data gap. He said that enhancements had also been made to the Trade Reporting and Compliance Engine (TRACE) data collections for Treasury securities. He noted that the SEC and CFTC had proposed amendments to Form PF to improve the Council's ability to monitor systemic risk and the SEC's oversight of private fund advisers.

Mr. Frost next discussed progress in implementing enhancements to public data availability. He said that in June 2022, Treasury had issued a request for information on additional post-trade data transparency in the Treasury market. He stated that additional transparency could provide meaningful benefits for the Treasury market but that additional transparency should proceed in a gradual, calibrated manner. He noted that in November 2022, Treasury had announced a proposal to release transaction-level data for on-the-run Treasury securities with nominal coupons, with end-of-day dissemination and appropriate cap sizes. He also noted that the SEC had approved a Financial Industry Regulatory Authority (FINRA) amendment that would enable FINRA to release aggregated Treasury securities data on a daily basis, as opposed to the current weekly publication schedule.

Mr. Frost then summarized several recent SEC initiatives, including that the SEC had proposed rule changes to facilitate additional central clearing in the Treasury repo and cash markets; re-proposed rule changes to improve the oversight of, and public disclosures by, major Treasury trading platforms; and proposed rule changes for open-end funds related to fund liquidity, transparency, and resilience in stress periods.

Mr. Frost stated in conclusion that while IAWG staff had made significant progress toward improving Treasury market resilience, there was more work to be done. He said that, given the complexity and constant evolution of the Treasury market, he expected that IAWG staff would continue to evaluate the Treasury market and consider additional ways to improve its resilience.

Following the presentation, the Chairperson stated that the IAWG collaboration is an important effort to enhance Treasury market resilience. She said that proposals had addressed several key issues in Treasury markets, such as enhancing the collection and publication of data. She noted that additional work remained to be done, such as considering minimum margins and addressing constraints on dealer intermediation. She noted that the Council's Hedge Fund Working Group was also examining the role of hedge funds in Treasury markets, and she encouraged staff to continue making progress in these areas.

Council members then had a discussion regarding the IAWG collaboration and rulemaking proposals.

3. SEC Open-End Funds Proposed Rule

The Chairperson then introduced the next agenda item, a presentation on the SEC's recently proposed rule on open-end funds. She introduced William Birdthistle, Director of the Division of Investment Management at the SEC, and Sarah ten Siethoff, Deputy Director of the Division of Investment Management at the SEC.

Mr. Birdthistle noted that in November 2022, the SEC had proposed amendments to enhance the liquidity risk management frameworks of open-end funds. He said that the impetus for the SEC proposal began with market disruptions and funds outflows in March 2020. He noted that the SEC regulates a variety of types of funds under the Investment Company Act of 1940, including approximately $300 billion of closed-end funds, which he noted do not typically raise significant liquidity concerns; approximately $5.1 trillion of money market funds (MMFs), for which government money market funds experienced inflows in March 2020 while prime money market funds experienced outflows; and approximately $24.5 trillion of open-end funds, which experienced outflows in March 2020. He noted that open-end funds include approximately $6.3 trillion of exchange-traded funds, $5 trillion of bond mutual funds, and approximately $13.1 trillion of other registered investment companies.

Ms. ten Siethoff then described the SEC's proposal on open-end funds, which includes changes to how open-end funds classify the liquidity of their investments and requirements for funds to retain certain amounts of highly liquid assets; a proposal to mandate the use of swing pricing; a "hard close," intended to provide a timely flow of information; and changes to reporting requirements.

Regarding the liquidity proposals, Ms. ten Siethoff noted that the events of March 2020 revealed weaknesses in the SEC's current liquidity framework, which characterizes the liquidity of funds' investments in four "buckets." She stated that the proposed amendments would eliminate the "less liquid investment" bucket, which includes investments that can be sold without a significant price impact, but not settled, in seven calendar days or less. She noted that the largest type of investment in that bucket is bank loans, and that bank loan funds had experienced significant redemptions in March 2020. She said the proposal would treat all such investments as illiquid and subject to the 15 percent limit on illiquid investments. In addition, she stated that under the proposal, funds would be required to improve their liquidity classifications by establishing new minimum standards for classification analyses, including some that incorporate

stressed conditions. She stated that funds would also be required under the proposal to maintain at least 10 percent of net assets in highly liquid assets.

Addressing the swing pricing and hard close proposals, Ms. ten Siethoff stated that the proposed amendments would require all registered open-end funds (except MMFs and exchange-traded funds) to use swing pricing when they experience net redemptions or when net purchases exceed a threshold. She noted that the proposal would require funds to adjust their net asset value per share by a swing factor reflecting transaction and liquidity costs. She also stated that the proposal would require a hard close, whereby an investor's order to purchase or redeem a fund's shares must be received before the fund calculates its net asset value, which she noted is intended to help funds operationalize swing pricing by ensuring that funds receive timely flow information, help prevent late trading of fund shares, and improve order processing. With regard to the proposed changes to reporting requirements, she noted that funds currently file monthly reports with the SEC at the end of every quarter, and only the third month's report is made public. She stated that the proposal would instead require funds to file each month's report within 30 days after month-end, and to report additional information regarding the aggregate liquidity of their portfolio.

Mr. Birdthistle stated that in issuing the proposed amendments, the SEC was seeking to achieve a balance that would improve the liquidity risk management frameworks of open-end funds without diverting investments into other fund vehicles, such as collective investment funds, about which the SEC and other regulators have less data.

Following the presentation, the Chairperson expressed her support for the SEC's efforts and noted that addressing liquidity and redemption risks in open-end funds had been a priority for the Council.

Council members then had a discussion about potential risks and existing regulation related to various types of investment funds, including MMFs, bond open-end funds, and collective investment funds.

4. Other Business

Before the executive session of the meeting concluded, Council members discussed the Council's work on nonbank financial intermediation. Council members also discussed issues related to the regulation and oversight of affiliates of entities in the crypto market.

The Chairperson adjourned the executive session of the meeting at approximately 10:50 A.M.

Open Session

The Chairperson called the open session of the meeting of the Council to order at approximately 10:58 A.M.

The Chairperson outlined the agenda for the open session, which included (1) an update on the transition from LIBOR to alternative reference rates, (2) an update on the Federal Reserve's

work on climate-related financial risks, (3) a presentation and vote on the Council's 2022 annual report, and (4) a vote on the minutes of the Council's meeting on November 4, 2022.

1. LIBOR Transition

The Chairperson introduced the first agenda item, an update on the transition from LIBOR to alternative reference rates. She introduced Michael Barr, Vice Chair for Supervision at the Federal Reserve.

Mr. Barr stated that he would provide an update on progress in the LIBOR transition. He said that on the day of the meeting, the Federal Reserve was adopting its final rulemaking to implement the Adjustable Interest Rate (LIBOR) Act. He stated that the passage of the LIBOR Act and the coordinated work of many member agencies were helping to address the risks to the financial system posed by LIBOR. He said that market participants nonetheless need to take critical steps to prepare for the end of U.S. dollar LIBOR by June 2023. He said that he would discuss three areas of focus.

Mr. Barr stated that the first area of focus related to the transition of legacy contracts. He said that although the passage of the LIBOR Act would help ensure that legacy LIBOR contracts under U.S. law have workable fallbacks, market participants need to ensure that they can transition the significant number of LIBOR contracts that still exist. He stated that from a supervisory perspective, market participants would incur significant operational risk if they wait until June 30, 2023, given the size of remaining legacy dollar LIBOR contracts. He said that supervisors had long emphasized the expectation that market participants progress towards an orderly transition away from LIBOR. He noted that while firms had set deadlines to complete much of their preparations, many timelines extend into the second quarter of 2023, exacerbating the risk that firms will fall further behind. He said that many firms had planned to use refinancing to move off LIBOR, but refinancing activity had declined. He stated that the Federal Reserve's supervisory expectations for LIBOR transition remained unchanged. He stated that neither the slowdown in refinancing activity nor the plans of the United Kingdom's Financial Conduct Authority to require temporary publication of synthetic U.S. dollar LIBOR rates altered the Federal Reserve's supervisory guidance in this respect. He said that firms should continue working with their customers to move contracts away from LIBOR prior to June 2023. He noted that firms should also work to promptly address operational risks. He said that the Federal Reserve acknowledged that it will not be possible to transition all legacy contracts to alternative rates before June. He noted, however, that converting legacy contracts where feasible is the best way to avert risks associated with a delay in the implementation of contract fallbacks.

Mr. Barr stated that the second area was related to anchoring the financial system in overnight risk-free rates. He said that the identification of robust alternatives to dollar LIBOR, specifically the overnight Secured Overnight Financing Rate (SOFR), is one of the important outcomes of engagement with the private sector. Discussing the efforts of the Alternative Reference Rates Committee (ARRC), the private-sector body leading the transition in the United States, he said that while some jurisdictions had avoided any significant use of term rates in their transitions, the ARRC had recognized certain limited uses for term SOFR rates, such as for business loans. He noted that overnight SOFR must remain the primary tool for derivatives and capital markets. He

stated that this approach is crucial to the success of the LIBOR transition. He said that term SOFR can only exist if overnight SOFR remains the dominant benchmark. He said that a financial market in which term SOFR is used across all or most cash products would not be plausible, and would not be consistent with sustaining a robust market for overnight SOFR derivatives, which he called the foundation for term SOFR rates. He said that the use of term SOFR and other reference rates must therefore remain limited, consistent with the recommendations of the Council and the Financial Stability Board. He noted that the Financial Stability Board had encouraged administrators of term rates to match their licensed scope of use to the recommendations of the official sector and national bodies such as the ARRC.

Mr. Barr stated that the third area of focus related to avoiding the need to repeat the LIBOR transition. He said that it was important that the transition to SOFR be built on a durable foundation and that shortcuts not be taken during the final phase of transition that would undermine its success. He said that the collapse of LIBOR should reinforce for market participants that reference rates, and how they use them, are important considerations. He noted that building a firm foundation for global financial markets using overnight SOFR involved time, effort, and expense. He stated that member agencies and market participants should seek to ensure that reference rates remain consistent with financial stability.

Following the update, the Chairperson stated that the progress made in the safe transition from LIBOR under the ARRC's leadership had been a successful public-private partnership, and that she appreciated the efforts of industry and regulators. She said that, given their considerable progress, market participants appeared well-positioned for the June 2023 end of U.S. dollar LIBOR, but she noted that work remained to ensure they are operationally prepared for a large number of legacy LIBOR contracts to transition over a short period in 2023. She stated that following nearly a decade of substantial public-sector involvement to ensure a safe transition, it is important that market participants help ensure that the problems with LIBOR are not repeated. She said that would require keeping the use of term SOFR limited to the areas that the ARRC had recommended and ensuring that the use of other non-SOFR rates is fit for purpose. She stated that with Congress having passed the LIBOR Act, many of the risks to legacy LIBOR contracts had been addressed, but market participants should ensure that they are operationally ready for the June 2023 transition, so that disruptions do not occur when LIBOR ends as a representative rate. The Chairperson then called on other Council members to comment.

Jerome Powell, Chair of the Federal Reserve, stated that he wanted to reinforce the message delivered by the Chairperson and Mr. Barr. He said that financial markets need to avoid recreating the same problems that occurred with LIBOR. He said that under LIBOR, market participants had often neglected to consider where rates came from or how they should be used, and he noted that this approach had long-term costs. He stated that efforts over many years had resulted in improvements, and he encouraged firms to preserve these gains by ensuring that term SOFR or other reference rates are used in a considered and stable manner. He said that the leadership of organizations should disseminate this message, and should reiterate the benefits of the LIBOR transition, including that it will help to preserve financial stability and allow firms to focus on their core business while avoiding another costly benchmark transition in the future.

Gary Gensler, Chair of the SEC, stated that he welcomed the market's adjustment to SOFR, which he noted is based on a nearly trillion-dollar market. He noted that many market participants would like to also use a rate that relies on unsecured credit markets and would like to use terms extending out to 12 months. He stated that it was important that any rate used to replace LIBOR be robust, and he noted that certain alternatives being considered by market participants present many of the same flaws as LIBOR. He said that thin markets and rates with few underlying transactions would create a system vulnerable to collapse and manipulation. He said that the Bloomberg Short-Term Bank Yield Index (BSBY) has infirmities and would not stand the test of time or be conducive to financial stability. He stated that while the International Organization of Securities Commissions (IOSCO) was conducting a review of alternatives to U.S. dollar LIBOR, he did not think BSBY meets IOSCO's principles for a stable and reliable benchmark. He said that while term SOFR is not based on thin, short-term credit markets, it is important to ensure that it remains robust. He said this would be a difficult task. He stated that term SOFR is only meaningful if there is a deep and liquid underlying SOFR futures rate. He said that SEC staff would continue to stress the need for registrants to prepare for the LIBOR transition in June 2023.

Rostin Behnam, Chairman of the CFTC, said that the ARRC had recognized the use of term SOFR rates in certain instances, such as the transition of business loans, but had recommended and emphasized that overnight SOFR in advance or in arrears be used for derivatives and non-loan cash products in order to promote financial stability. He said that use of term SOFR rates in derivatives and most other cash markets must be limited to avoid the types of problems created by LIBOR. He stated that the increased use of term SOFR for derivatives could lead to a decline in the overnight SOFR derivatives markets on which term SOFR is based. He said this outcome would be the antithesis of what the official sector and market participants had worked to achieve over many years. He said that it was therefore important that the use of overnight SOFR, term SOFR, and any other reference rates, continues to align with the recommendations of the ARRC, the Financial Stability Board, and the Council.

2. Climate-related Financial Risks

The Chairperson then turned to the next agenda item, an update on the Federal Reserve's recent work on climate-related financial risk, including its pilot climate scenario analysis exercise and recently proposed principles for large banks' management of climate-related financial risks. She again turned to Mr. Barr, and also introduced Kevin Stiroh, Senior Advisor in the Division of Supervision and Regulation at the Federal Reserve, for the presentation.

Mr. Barr stated that climate change poses significant challenges for the global economy and the financial system, with implications for the safety and soundness of financial institutions and the stability of the financial sector more broadly. He said that the Federal Reserve's responsibilities with respect to climate change are important but narrow. He stated that the Federal Reserve views climate change risk through the lens of its existing mandates and authorities, particularly those relating to the regulation and supervision of financial institutions and the stability of the broader financial system. He said that the Federal Reserve was focused on two near-term supervisory priorities related to the financial risks of climate change.

Mr. Barr said that the first focus is providing guidance for large banks alongside the OCC and the FDIC, and the second is launching a pilot microprudential climate scenario analysis exercise for large banks. He said that large banking organizations are increasingly focused on the risk that climate change may pose to their balance sheets and business models, and he noted that this was an appropriate time for the Federal Reserve to engage with them. He stated that guidance would provide a high-level framework for the safe and sound management of exposure to climate-related financial risks. He said that the pilot climate scenario analysis would help both large banking organizations and supervisors to better understand how climate-related financial risk may manifest and differ from historical experience. He stated that these initiatives would help the Federal Reserve better understand the financial impact of climate change and would contribute to increased resiliency of supervised firms and improve the stability of the broader financial system. He said that the Federal Reserve would continue to encourage supervised institutions to manage climate-related financial risk in a manner that would also allow them to prudently meet the financial services needs of their communities.

Mr. Stiroh stated that he would provide additional details about the two supervisory efforts at the Federal Reserve, beginning with the proposed guidance. He said that banking organizations are likely to be affected by both the physical risks and the transition risks associated with climate change. He stated that the economic and financial effects of climate change can manifest as traditional microprudential risks like credit, market, liquidity, operational, and legal risks. He said that weaknesses in how banking organizations identify, measure, monitor, and control these risks could adversely affect their safety and soundness, which suggests a role for supervision. He stated that many large banking organizations are already considering these risks in their risk-management frameworks and business strategies. He said that guidance in this area can promote a consistent understanding of how large banks can effectively manage climate-related financial risks as they develop capabilities and deploy resources.

Mr. Stiroh stated that on December 2, 2022, the Federal Reserve issued a request for comment on proposed principles providing a high-level framework for the safe and sound management of exposures to climate-related financial risks for large banking organizations. He said the proposed principles would apply to banking organizations with more than $100 billion in total assets. He noted that the proposed principles are substantially similar to proposals issued by the OCC and the FDIC. He said that the Federal Reserve intends to work with the OCC and the FDIC to promote consistency in the supervision of large banks through final interagency guidance. He said that a consistent approach across agencies would best support the effective management of these risks for the largest institutions.

Mr. Stiroh noted that the Federal Reserve's proposal outlines a set of general principles in six areas: governance; policies, procedures, and limits; strategic planning; risk management; data, risk measurement, and reporting; and scenario analysis. He said it also includes a section on management of risk areas. He noted that these are high-level principles, and said the Federal Reserve understood that many financial institutions continue to develop expertise in climate-related financial risks and are engaged in ongoing efforts to incorporate these risks into risk-management frameworks. He stated that the Federal Reserve also recognized that the incorporation of material climate-related financial risks into planning processes would be iterative, as measurement methodologies, models, and data for analyzing these risks continue to

mature. He said that after reviewing comments, the Federal Reserve intended to coordinate with the OCC and the FDIC in issuing any final guidance for banks with assets greater than $100 billion. He said this proposed guidance was an important step in building risk-management practices and greater resilience towards the emerging risks from climate change for the largest financial institutions.

Mr. Stiroh turned next to climate scenario analysis. He said the Federal Reserve had announced plans to conduct a pilot climate scenario analysis exercise in 2023 to better assess the implications of the long-term, climate-related financial risks facing the largest institutions. He said the pilot exercise was designed to enhance the ability of supervisors and firms to measure and manage climate-related financial risks. He stated that scenario analysis, where the resilience of financial institutions and the financial system is assessed under different hypothetical climate scenarios, is an emerging tool for assessing climate-related financial risks. He noted that by considering a range of possible future climate pathways and associated economic and financial developments, scenario analysis can assist banking organizations and supervisors in understanding how these risks may manifest and how they may differ from historical experience. He noted that scenario analysis had been deployed by other supervisors and regulators internationally and by large banking organizations.

Mr. Stiroh said that the Federal Reserve viewed this pilot exercise as distinct from its existing stress tests. He said that stress tests are generally designed to assess banks' resilience against shocks in the short run and generally inform supervisory and regulatory assessments of banks. He stated that scenario analysis is generally more exploratory in nature and can help banking organizations and supervisors understand the resilience of the largest banks to a range of uncertain climate outcomes. He said that, while the Federal Reserve was still finalizing the design features of the exercise, he would provide some high-level observations. He said the exercise would include six large banking organizations. He said that the Federal Reserve would provide details of the climate, economic, and financial variables that make up the climate scenario narratives for physical risks and transition risks. He stated that the participating banking organizations would each analyze the impact of the scenarios on specific portfolios and business strategies. He said that the Federal Reserve would then review the analysis of banking organizations and engage with those firms to build capacity to manage these risks. He stated that the Federal Reserve anticipated publishing insights gained from the pilot at an aggregate level, reflecting what has been learned about climate risk management practices and how insights from scenario analysis would help identify potential risks and promote risk-management practices. He noted that no firm-specific information would be released and that there would be no capital or supervisory implications from the pilot exercise. He said in conclusion that the exercise would be launched in early 2023 and was expected to conclude around the end of the year. He said that the Federal Reserve expected that this exploratory exercise would provide insights into how large banking organizations are managing the financial risks of climate change and about any potential challenges that they face.

Following the presentation, the Chairperson stated that the Federal Reserve's proposed principles for large banks' management of climate-related financial risks and pilot climate scenario analysis are important initiatives. She stated that the proposed principles for climate risk management complement similar proposals from the OCC and FDIC, and she noted that she looked forward to

the public comments and appreciated the efforts of the Federal Reserve, OCC, and FDIC to promote consistency in the supervision of large banks through final interagency guidance. She said that the pilot climate scenario analysis would help inform banks and regulators how climate-related financial risks may manifest under different hypothetical climate scenarios. She said that these insights should improve member agencies' assessment of potential financial stability risks and enhance risk-management practices.

The Chairperson said that the presentations highlighted two examples in the larger set of actions that Council members had taken in 2022 to better assess and address climate-related risks. She noted that the SEC had issued a proposed rule to enhance and standardize climate-related disclosures for investors, and she said that the OFR's Climate Data and Analytics Hub would provide Council member agencies with better access to climate data. She said she looked forward to continuing to work with Council members on this Council priority in 2023. The Chairperson then called on other Council members to comment.

Chair Powell described climate change as an important issue and stated that Congress had entrusted the main job of addressing the problem of climate change itself to federal agencies other than the Federal Reserve. He stated that Congress had given the Federal Reserve narrow but important mandates around monetary policy, financial stability, and supervision of financial firms. He noted that the Federal Reserve would consider the potential effects of climate change to the extent they had an impact on the achievement of its existing statutory mandates. He said that the public expects the Federal Reserve to work to ensure that the financial system is resilient and robust to all risks, including those from climate change, and stated that the priorities set forth during the presentations would help the Federal Reserve promote a consistent understanding of how large banks can effectively manage climate-related financial risks. He said that the two initiatives discussed would advance the work of the Federal Reserve, which he noted would continue its collaboration with other U.S. agencies, both on a bilateral basis and through the Council's Climate-related Financial Risk Committee.

Michael Hsu, Acting Comptroller of the Currency, stated that he supported the Federal Reserve's proposed principles relating to the safe and sound management of climate-related financial risk for the large institutions it supervises. He said that the federal banking agencies each play a critical role in identifying and addressing safety and soundness risks to the financial system. He stated that identifying, measuring, and managing climate-related financial risk is a challenge that warrants close attention from each member agency. He said that the OCC was closely coordinating with the other federal banking agencies, and he noted that this alignment benefits both the agencies and supervised institutions. He said that he welcomed the release of the Federal Reserve's proposed principles, which he said furthered the common goal of promoting safe and sound climate risk management practices. He said that he also welcomed the Federal Reserve's pilot scenario analysis exercise. He stated that the initiative would yield valuable information for banks and supervisors. He said that he looked forward to continuing the OCC's work with its interagency colleagues on this and other initiatives to assist supervised institutions in addressing climate-related financial risks.

Martin Gruenberg, Acting Chairman of the FDIC, stated that he wanted to underscore the alignment of the three federal banking agencies in their goal of providing initial guidance to the

industry on the financial risks of climate change. He said that the Federal Reserve's proposed principles were largely consistent with principles previously issued by the OCC and the FDIC, and he stated that he believed the final guidance that the three agencies would issue would be in complete alignment. He said that providing initial guidance that is clear and consistent to the industry would be an important first step for the federal banking agencies. He said that the FDIC would also work with the Federal Reserve as it proceeds on its pilot climate scenario analysis exercise. He said that the lessons learned from the scenario analysis exercises would enhance the ability of firms and supervisors to identify, measure, and manage climate-related financial risks.

Charles Cooper, Commissioner of the Texas Department of Banking, noted his support for collaboration with state authorities to promote a consistent approach to climate-related financial risk.

3. 2022 Annual Report

The Chairperson turned to the next agenda item, a vote on the Council's 2022 annual report. She said that the report summarized significant regulatory developments and that it described, among other topics, potential emerging threats to U.S. financial stability. She then addressed the current macroeconomic environment and how the Council continues to promote financial stability amid greater market volatility.

The Chairperson stated that the global economy was facing significant economic headwinds. She said that many countries around the globe were experiencing high inflation, largely due to lingering effects of the pandemic on supply chains and Russia's war against Ukraine. She stated that over the course of 2022, commodity markets like energy and agriculture had experienced significant stress and contributed to economic strain. She said that economic growth had slowed in many countries confronting headwinds and higher interest rates. She said that economic uncertainty had also contributed to greater volatility in financial markets. She stated that amid heightened volatility, the U.S. financial system had remained resilient. She said this was a testament to the reforms implemented in the aftermath of the financial crisis, noting that the U.S. banking system was now more capable of absorbing potential losses and disruptions in financial markets. She said it also reflected the depth of U.S. capital markets.

The Chairperson stated that the Council's 2022 annual report analyzed 14 different vulnerabilities identified across the financial system and that it made recommendations to promote U.S. financial stability. She noted that during 2022, the Council had focused on four of these vulnerabilities as key priorities. She said that the Council's efforts in each priority area had enhanced the resiliency of the financial system, and she briefly described the Council's progress in each area.

The Chairperson stated that the first priority area was Treasury market resilience. She said that even before the recent increase in market volatility and corresponding deterioration in liquidity conditions, the Council had worked to enhance Treasury market resilience, given prior episodes of stress in the market. She noted that during 2022, Council members had advanced important work in this area, including improvements in data quality and availability, proposals to enhance participant and trading venue transparency and oversight, and consideration of additional central

clearing. She said that she anticipated important developments in 2023, including progress on proposed rulemakings, additional collection of non-centrally cleared bilateral repo data, and public transaction-level transparency in Treasury markets.

The Chairperson stated that the second priority area was the mitigation of vulnerabilities in nonbank financial intermediation. She said that nonbank financial institutions in certain markets had increased competition, fostered innovation, and enhanced access to capital markets, but she noted that they create vulnerabilities in the financial system that could amplify or transmit stresses. She said that the Council had focused its efforts on examining hedge funds, open-end funds, and MMFs. She stated that the Council, building on its work in 2021, had developed an interagency risk-monitoring framework to monitor hedge fund-related risks. She noted that the SEC had also proposed important new rules to address the liquidity mismatch in open-end funds and MMFs. She said that these vulnerabilities had exacerbated market stress during previous crises, and she expressed support for the SEC's efforts to implement reforms for these funds.

The Chairperson stated that the third priority area was climate-related financial risk. She said that in 2021, the Council had for the first time identified climate change as an emerging threat to U.S. financial stability. She stated that in 2022, Council members had made significant strides to increase their capacity to assess and address climate-related financial risks across a range of transmission channels through which these risks could materialize. As an example, she noted that Council members were filling climate-related data gaps, preparing to perform the previously discussed pilot scenario analysis exercise, and promoting consistent, comparable, and decision-useful disclosures. She said that she believed these were significant steps to promote the resilience of the financial system to climate-related risks.

The Chairperson stated that the fourth priority area was digital assets. She noted that in response to the Executive Order on Ensuring Responsible Development of Digital Assets, which was issued on March 9, 2022, the Council had published a report on digital asset financial stability risks and regulation in October 2022. She noted that significant shocks and volatility had occurred within the crypto-asset system in 2022. She said that while the current regulatory framework had helped largely insulate traditional financial institutions from this turmoil, the Council's digital assets report had concluded that crypto-asset activities could pose risks to the U.S. financial system if their interconnections with the traditional financial system or their overall scale were to grow without adherence to or being paired with appropriate regulation. She noted that large parts of the crypto-asset ecosystem are covered by the existing regulatory structure and said that it is important to ensure enforcement of and compliance with existing regulations. She said that such actions were important for protecting consumers and investors against fraud, mismanagement, and lack of required disclosures, which she noted continued to be identified in the crypto-asset market. She stated that the Council's digital assets report and annual report also identified material gaps in current regulation and included recommendations for legislation and other actions to address these gaps. She said that recent developments in crypto markets had demonstrated the importance of Congress and regulators acting on the report's recommendations.

The Chairperson said that progress in these four priority areas was essential to promoting a more robust financial system, while noting that these were not the only risks to U.S. financial stability.

She said that the Council remained vigilant in addressing other ongoing and evolving vulnerabilities identified in the annual report. She said that these include cybersecurity, operational resilience, and the transition from LIBOR. She said she looked forward to the Council's continued work on these issues during 2023. The Chairperson then introduced Sandra Lee, Deputy Assistant Secretary for the Council at Treasury, and Jeff Gerlach, Vice President of Quantitative Supervision and Research at the Federal Reserve Bank of Richmond, for the presentation.

Ms. Lee stated that the annual report is always a significant undertaking for the Council, and particularly so in 2022, given that the Council made a number of changes to streamline the report structure and focus on emerging threats to U.S. financial stability.

Mr. Gerlach stated that since the publication of the Council's 2021 annual report, the economic and geopolitical environment had changed substantially. He said that although unemployment had remained near historic lows, U.S. economic growth had moderated and inflation had remained elevated, reflecting shocks to the economy, including the Russian war against Ukraine. He stated that the Federal Reserve and other central banks had tightened monetary policy, bond yields had increased, and equity prices had fallen. He noted that despite the tightening in conditions, the U.S. financial system had remained resilient, with key financial institutions remaining strong with high levels of capital and liquidity.

Mr. Gerlach stated that in its 2022 annual report, the Council identified 14 vulnerabilities in the U.S. financial system, grouped into five categories: financial risks; financial institutions; financial market structure; operational and technological risk; and climate-related financial risk. He said that the Council focuses on vulnerabilities in the financial system because they can amplify shocks and create risks to U.S. financial stability. He said that the Council provided recommendations to mitigate each vulnerability identified in the report. He noted that the Chairperson had already discussed four of the vulnerabilities addressed in the report: Treasury market resilience, nonbank financial intermediation, climate-related financial risk, and digital assets. He said he would briefly summarize the remaining vulnerabilities in the report.

Turning first to financial risks, Mr. Gerlach said that the Council had identified vulnerabilities associated with commercial real estate, residential real estate, nonfinancial corporate credit, and short-term wholesale funding markets. He said that to mitigate those vulnerabilities, the Council recommended supervisors and financial institutions assess the adequacy of credit loss allowances and underwriting standards, monitor leverage, and review contingency plans in case conditions deteriorate. He stated that the Council had identified vulnerabilities within certain categories of financial institutions, including large bank holding companies, investment funds, and central counterparties. He said that the Council recommended financial institutions maintain sufficient capital and liquidity to promote sound interest rate management and ensure that existing stress-testing programs account for plausible tail risks, given current economic conditions. He said that the Council also supported ongoing work by member agencies to address potential risks posed by nonbank financial institutions, including in hedge funds, open-end funds, and MMFs.

Mr. Gerlach said that vulnerabilities associated with financial market structure included alternative reference rates and the provision of financial services by nonbanks, which include

nonbank mortgage companies, nonbank business lending, and consumer financing. He stated that given that remaining U.S. dollar LIBOR rates are due to end in June 2023, the Council advised firms to transition legacy LIBOR contracts to alternative reference rates before that date. He said that the Council maintained the principle that the same activity, whether conducted by banks or nonbanks, should have the same regulatory outcome. He said that where gaps in existing regulations prevent implementation of that principle, the Council encouraged agencies to develop proposals to address them.

Mr. Gerlach concluded by discussing operational and technological risk. He said that this section of the report reflected the Council's heightened concerns related to cyber risk and third-party service providers. He said that the Council supported ongoing partnerships between state and federal agencies and private firms to assess cyber vulnerabilities and further build cyber resilience. He said that the report noted that Council members made progress in 2022 in their efforts to collect better data for monitoring cyber risk, and he noted that the Council encouraged agencies to continue filling gaps in the data they need to assess cyber-related financial stability risks. He said that the Council also supported the ongoing collaboration of member agencies to examine third-party service providers and to enhance their supervision for cyber risk in key areas such as payment services and cloud computing. He noted that the Chairperson had already addressed the fifth category of vulnerabilities, climate-related financial risk.

Following Mr. Gerlach's remarks, the Chairperson called on other Council members to comment.

Chair Powell stated that he supported the four Council priorities discussed—Treasury market resilience, nonbank financial intermediation, climate-related financial risk, and digital assets—and that he looked forward to continued progress in 2023 in each of these areas. He said that he welcomed the Council's increased focus on cyber risk and third-party service provider risk, and that he encouraged the Council's mitigation efforts. He said that the annual report reflected the cooperation and coordination among Council member agencies.

Chair Gensler stated that he supported the annual report, and he noted that it had been prepared during uncertain times in the global economy and financial markets. He said that these challenges highlighted the importance of the work of the Council and member agencies. He said that investors, issuers, and markets benefit from the SEC's fulfillment of its statutory duties. He noted that the SEC had recently proposed rules on MMFs and open-end funds. He stated that these funds, particularly in times of stress, have an underlying structural liquidity mismatch that can contribute to instability. He noted that the SEC proposals were intended to address these structural issues and enhance liquidity risk management. He said that the Council's annual report also noted that other types of investment funds, such as short-term investment funds and collective investment funds, are generally subject to the authority of the federal banking agencies. He said that the SEC had collaborated with these agencies as well as with the state bank regulators.

Chair Gensler noted that private funds are also discussed in the annual report. He said that private funds in the United States, including hedge funds and private equity, were an approximately $21 trillion sector, and nearly the size of the $23 trillion commercial banking

sector. He noted that the SEC was working with the CFTC to improve private fund transparency. He said that hedge funds can create risks to U.S. financial stability through the use of leverage. He noted that, in the preceding several years, many hedge funds had received financing in the non-centrally cleared bilateral repo market. He noted that haircuts and initial margin requirements are not necessarily applied in these markets. He also stated that the SEC was undertaking a number of projects on cybersecurity to enhance the financial sector's resiliency to cyber-attacks.

Chair Gensler concluded by addressing crypto assets. He said that the crypto market is not incompatible with securities laws. He said that risk from this market, which he described as speculative, volatile, and largely noncompliant with securities laws, puts investors at risk. He said that it was important to bring intermediaries as well as issuers of crypto security tokens into compliance with securities laws. He stated that while the risk from crypto markets generally did not appear to have spread to the traditional financial sector, member agencies remained vigilant to guard against that possibility. He said that the SEC would work to bring these market intermediaries and the issuers of the tokens into compliance by continuing to enforce securities laws that protect investors and facilitate capital formation.

Acting Comptroller Hsu stated that he supported the Council's annual report. He said that the recommendations in the report represented important steps in enhancing risk management and prudential controls in the U.S. financial system, while also providing a framework for addressing emerging risks. He then highlighted the efforts of the Council to strengthen oversight of nonbank financial institutions and promote a level regulatory outcome. He stated that nonbank financial institutions can pose risks to banks and other counterparties due to their scale, leverage, and interconnectedness. He noted that the Council's hedge fund working group was helping member agencies better assess and collect data on the transmission of systemic risks and said that this and other efforts of the Council and its members are vital to identifying financial stability risks posed by nonbank financial institutions. He said that he looked forward to working with all stakeholders on addressing the report's recommendations to ensure the safety of the federal banking system and the U.S. financial system.

Acting Chairman Gruenberg stated that he supported the Council's annual report. He said that the report reflected the Council's discussions in 2022, the vulnerabilities identified by the Council, and the work undertaken by member agencies to address them. He said that he welcomed the report's discussion regarding nonbank financial markets, digital assets, climate-related financial risks, and other topics. He said he also welcomed the report's discussion of the financial stability risks presented by central counterparties, particularly the challenges associated with managing their orderly failure. He said that it was important for the report to address this issue, which he described as a key systemic resolution challenge.

Rohit Chopra, Director of the CFPB, stated that he supported the report, and he highlighted certain recent events that raised risks for consumers. He noted that some investors trading in speculative assets in crypto markets had been unable to access their funds. Given the Council's focus on nonbank financial firms, he highlighted that millions of Americans use peer-to-peer payments through nonbanks, which he said may pose some similar risks. He stated that these firms issue runnable deposit-like liabilities and may invest in riskier, less-liquid assets. He said

that investors often maintain balances and treat these peer-to-peer accounts like a quasi-bank account. He noted that in many cases, these funds may not be protected by deposit insurance and the failure of such a firm could lead to millions of American consumers becoming unsecured creditors of the bankruptcy estate, similar to events involving FTX. He said that state money transmitter laws were not designed to ensure the long-term stability of these types of firms. He said that the CFPB would work with Council members on this issue.

Chairman Behnam stated that he supported the annual report. He said that the U.S. economy and U.S. financial stability faced domestic and geopolitical risks that were important to the areas overseen by the CFTC. He said he welcomed the report's discussion of existing gaps in digital asset regulation, along with its discussion of CFTC priorities on climate-related financial risk, the transition from LIBOR, and cybersecurity. He said that the CFTC would work with the Council on these issues in 2023.

Sandra Thompson, Director of the FHFA, stated that she supported the annual report. She said that she welcomed the report's recommendation that the FHFA and NCUA be granted examination and enforcement authority over third-party service providers. She said that the continued inconsistency in the authorities of financial regulators in this area should be addressed. She stated that examination and enforcement authority over third-party service providers would assist the FHFA to ensure the safety and soundness of its regulated entities. She noted that the annual report highlighted the rapid rise of mortgage rates and related softening of the U.S. housing market among the potential threats and vulnerabilities to the U.S. financial system. She also noted that the 30-year mortgage rate had more than doubled in the preceding 12 months, although it had fallen more than 70 basis points from November highs. She said that mortgage originations had fallen significantly, primarily because of low refinance volume, and house prices had started to decline in recent months following a period of record growth. She noted that mortgage-backed security issuance by the government-sponsored enterprises had declined and agency mortgage-backed security spreads had widened. She stated that these developments may represent headwinds to the housing market in 2023, while noting that despite these challenges, the housing market appeared to be somewhat better positioned to withstand a downturn than it was leading up to the 2008 financial crisis. She said that given the increase in house prices over the past several years, the vast majority of homeowners had at least 20 percent equity in their homes. She stated that mortgage delinquency rates remained low, and she said there was little evidence that speculative activity fueled the run-up in house prices in recent years. She said that the FHFA would continue to prioritize the safety and soundness of its regulated entities while supporting equitable access and affordability for aspiring homeowners and renters.

Todd Harper, Chairman of the NCUA, stated that he supported the annual report. He said that the NCUA, unlike the other federal banking agencies, does not have authority to supervise and take enforcement actions against third-party service providers. He said that an increasing concentration and reliance on these third parties was occurring within the financial system, which he described as a growing regulatory blind spot. He noted certain developments related to these issues in Congress during the preceding weeks. He said that the House of Representatives had passed legislation, as part of the National Defense Authorization Act, that would provide the NCUA with authority to oversee third-party service providers. He said that bipartisan legislation

on this topic had also been introduced in the Senate. He recommended continued efforts in this area, and he said that credit union members should receive the same level of protection as bank customers.

Steven Seitz, Director of FIO, stated that the annual report demonstrated the important role that insurers play in the U.S. financial system. He noted that the report also discussed FIO's proposed data collection for homeowners' insurance, which he said would support FIO's work in assessing climate-related financial risk in the insurance sector. He said he also wanted to highlight the report's discussion of the increased involvement of the life insurance sector and its various business models in nonbank lending and private credit. He said that FIO would continue to monitor these issues and that he looked forward to engaging with the Council on these topics.

James Martin, Deputy Director of Operations for the OFR, stated that the annual report resulted from a significant collaboration among Council members. He said that the Council, by incorporating contributions from multiple member agencies, improves its ability to define and communicate risks to financial stability that span market segments and impact numerous financial institutions.

The Chairperson then presented to the Council the following resolution approving the Council's 2022 annual report:

WHEREAS, the Financial Stability Oversight Council (Council) under section 112 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) is required to annually report to and testify before Congress on: (1) the activities of the Council; (2) significant financial market and regulatory developments, including insurance and accounting regulations and standards, along with an assessment of those developments on the stability of the financial system; (3) potential emerging threats to the financial stability of the United States; (4) all determinations made under section 113 or title VIII of the Dodd-Frank Act, and the basis for such determinations; (5) all recommendations made under section 119 of the Dodd-Frank Act and the result of such recommendations; and (6) recommendations to (a) enhance the integrity, efficiency, competitiveness, and stability of U.S. financial markets; (b) promote market discipline; and (c) maintain investor confidence; and

WHEREAS, the staffs of the Council members and their agencies prepared the attached 2022 annual report of the Council (2022 Annual Report) pursuant to section 112 of the Dodd-Frank Act, and members of the Council have reviewed and commented on the attached report.

NOW, THEREFORE, BE IT RESOLVED, that the Council hereby approves the 2022 Annual Report and authorizes the Chairperson, or her designee, to take such action as they may deem necessary or appropriate to transmit the 2022 Annual Report to Congress and to release it to the public; and

BE IT FURTHER RESOLVED, that the Council hereby delegates authority to the Chairperson, or her designee, to make technical, nonsubstantive, or conforming changes to the text of the 2022 Annual Report and to take such other actions as they may deem necessary or appropriate to prepare the report for transmittal to Congress and release to the public.

The Chairperson asked for a motion to approve the resolution, which was made and seconded. The Council approved the resolution by unanimous vote.

4. Resolution Approving the Minutes of the Meeting Held on November 4, 2022

BE IT RESOLVED, by the Financial Stability Oversight Council (Council), that the minutes attached hereto of the meeting held on November 4, 2022 of the Council are hereby approved.

The Chairperson asked for a motion to approve the resolution, which was made and seconded. The Council approved the resolution by unanimous vote.

The Chairperson adjourned the meeting at approximately 11:55 A.M.