



OFFICE OF FINANCIAL RESEARCH

**FINANCIAL RESEARCH  
ADVISORY COMMITTEE**

**Summary Minutes of the  
Department of the Treasury  
Office of Financial Research (OFR) FINANCIAL RESEARCH ADVISORY  
COMMITTEE  
Public Meeting  
February 24, 2015**

Committee Members Present

Lewis Alexander, Chair  
David Allen  
Michael Atkin  
Peter Cherasia  
John Campbell  
Lou Crandall  
Stephen Daffron  
Jean-Pierre Fouque  
Beth Hammack  
Simon Johnson  
Don Kohn  
Anil Kashyap

Ben Golub  
Trevor Harris (Phone)  
Darryll Hendricks  
Ron Jordan  
Andy Kuritzkes  
David Puth  
Prakash Shimpi  
Chester Spatt  
Lynn Stout  
Ken Traub  
Kay Vicino  
Nancy Wallace  
Tom Wipf

Committee Members Absent:

Caryl Athanasiu  
Stacey Goodman  
Damon Silvers

Andrew Lo  
Andrew Metrick  
Peter Serenita

Date and Time: February 24, 2015 – 9:45 a.m. to 12:15 p.m. & 1:15 p.m. to 3:00 p.m.  
(EST)

Location: Federal Reserve Bank of New York – 33 Liberty Street NY, NY 10045

Purpose: Public Meeting

OFR Staff Richard Berner, Director  
Andrea Ianniello, Designated Federal Officer  
Trish Mosser, Deputy Director, Research & Analysis  
Con Crowley, Acting Chief Data Officer, Data & Analytics



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***Morning Session***

**Welcome and Opening Remarks:**

The Office of Financial Research's (OFR) Designated Federal Officer (DFO), Andrea Ianniello, began the fifth bi-annual Financial Research Advisory Committee (FRAC) meeting by greeting all of the attendees and presenting the day's agenda.

**Presentation of OFR Strategic Plan:**

Director of the OFR, Dick Berner, gave his opening remarks by welcoming participants and providing an overview of the OFR's Strategic Plan for 2015-2019. The Director emphasized how the Strategic Plan fulfills the commitment for the OFR to be transparent to the public and also provides a clear road map for achieving its mission. The Director outlined three broad strategic goals:

1. Essential source of data and analysis for monitoring threats to financial stability
2. Ensure standards are adopted to improve quality and utility of financial data
3. Produce leading research for financial monitoring

The director encouraged committee members to provide feedback on the OFR's strategic plan and its activities.

**OFR Report on past FRAC Recommendations:**

Trish Mosser, Deputy Director of the OFR's Research & Analysis Center (RAC), provided an update to FRAC members on the previous recommendations put forth by the Research Subcommittee.

Director Berner briefed the FRAC on the progress of the OFR towards implementing the four previous FRAC recommendations originated by the Financial Services and Risk Management Subcommittee.



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Con Crowley, Acting Chief Data Officer of the OFR's Data and Analytics Division, provided an update to FRAC members on the previous recommendations put forth by the Data and Technology Subcommittee (DTS).

**Subcommittee Recommendations and Committee Discussion:**

Anil Kashyap, chairman of the Research Subcommittee (RS), provided FRAC members with an update on the current focus of the Subcommittee. Kashyap noted that members of the Research Subcommittee had contributed to discussions with the FSRM Subcommittee on the bank capital incentives recommendation, but RS did not have a new recommendation of its own at that time.

Andy Kuritzkes, the chairman of the FSRM, presented an update on the subcommittee's current work agenda. The work for the FSRM for this term has consisted of two primary work-streams: a Bank Capital Incentives Recommendation, and a Central Counterparty Clearing Recommendation.

The FSRM, in collaboration with the Research subcommittee, offered the Bank Capital Incentives Recommendation which recommended investigating the differential impacts and incentives that arise from overlapping static and dynamic bank capital requirements such as Basel III advanced, Basel III standardized, and CCAR stress testing.

Thomas Wipf, FSRM subcommittee member, presented the FSRM's current work related to Central Counterparty Clearing [CCP]. The CCP Recommendation was presented as a continuation of the Collateral and Funding Map Recommendations, serving as the next step in mapping the flow of funds through the financial system.

Michael Atkin, chairman of the DTS, updated FRAC on the current focus of DTS and presented its recommendation which suggests general criteria for financial ontologies for the OFR to take into account in the OFR's consideration of a Financial Instrument Reference Database (FIRD).

**Committee Recommendations Vote:**



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Chairman of the FRAC, Lewis Alexander, called for a vote on each of the three recommendations. The Assessing the Implications of multiple Capital Requirements for Bank Behavior under stress; Central Counterparty Clearing: Issues for Consideration; and General Criteria for Financial Ontologies recommendations were each unanimously adopted and put forth to the OFR.

**OFR and Committee Discussion – Financial Instrument Reference Database (FIRD):**

Con Crowley began the discussion by describing the OFR's strategy for considering, preparing and publishing a FIRD. The strategy's framework includes three essential components which include: ontologies; symbologies; and analytics. Crowley noted that the OFR's consideration of FIRD is in its early stages.

Crowley sought input from FRAC members on how they envisioned the public using the FIRD.

***Afternoon Session***

**OFR and Committee Discussion – Visualization Tools for Monitoring Systemic Risk:  
Money Funds and CDS**

Rebecca McCaughrin opened the discussion by introducing the presenters and inviting feedback from the committee on OFR's efforts to build effective visualization tools. Senior Financial Analyst Victoria Baklanova and Financial Data Specialist Daniel Stemp presented a prototype version of the first tool, which monitors Money Market Funds (MMF).

In the second presentation, OFR researcher Sriram Rajan demonstrated a prototype version of the Credit Default Swap (CDS) monitor. The goal of the CDS monitor is to visualize two forms of risk that credit derivative exposures pose to the financial system: concentration and interconnectedness.

**Public Adjournment:**

Chairman of the FRAC, Lewis Alexander, acknowledged the FRAC's progress over the years and thanked the OFR for its ongoing work.



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Dick Berner, Director of the OFR, gave his closing remarks.

Andrea Ianniello, DFO, thanked the FRB-NY and Committee members for their time, effort, and participation.

Andrea Ianniello adjourned the meeting at 3 p.m.