

[Banking and Finance Law Daily Wrap Up, FINANCIAL STABILITY —FSOC meetings look at Volcker Rule improvements, regulatory collaboration, \(Jul. 31, 2017\)](#)

Banking and Finance Law Daily Wrap Up

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In an executive session, the Financial Stability Oversight Council discussed potential improvements to the Volcker Rule, the ongoing reevaluation of its designation of a nonbank financial company, and pending litigation brought by MetLife, at a July 28, 2017 [meeting](#). The FSOC also voted to approve the [minutes](#) of its previous meeting on May 8, 2017, which included a discussion of interagency regulatory collaboration.

May meeting. In response to the February Executive Order on Core Principles for Regulating the U.S. Financial System, at the May meeting Craig Phillips, Counselor to the Secretary at Treasury, described four separate reports that Treasury will issue. The first report will cover the banking sector, with a focus on regulatory fragmentation and overlap; regulatory burden; opportunities to improve market liquidity; and improving access to credit.

Subsequent reports will address capital markets and derivatives; asset management and insurance; and nonbank financial institutions and financial innovation. Phillips also said that, pursuant to two Presidential Memoranda issued in April, Treasury will prepare reports on the orderly liquidation authority under Title II of the Dodd-Frank Act and the FSOC's designation processes for nonbank financial companies and financial market utilities.

In addition, Phillips highlighted the Volcker Rule as an opportunity for regulatory coordination. He noted the potential for improved tailoring of the rule for smaller institutions, clarifying the rule's definition of "proprietary trading," improving the rule's exemptions for market-making and risk-mitigating hedging activities, and enhancing the rule's definition of "covered fund."

May meeting minutes also discussed the Presidential Memorandum on Council designations, an update on the annual reevaluation of a previous nonbank financial company designation, and an update related to bank holding companies' resolution plans update.

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