Financial Advisory Roundtable meeting

November 10 2017

Agenda

Non-bank financial intermediation and systemic risk

1. General questions:
   a. Does nonbank financial intermediation pose significant systemic risk?
   b. What is the best way to measure and monitor nonbank systemic risk? What is the right balance between an "entity-based" approach (focusing on individual firms) versus an "activity-based" approach, focusing on the level of risky activities by the sector as a whole.
   c. Nonbank financial intermediation has grown rapidly in some areas (e.g., nonbank mortgage origination and servicing). What has driven this growth?
   d. How have recent regulatory changes affected the relative size of the banking system compared to non-bank financial intermediation?

2. Insurance:
   a. Does the insurance industry pose systemic risk? How has the level of financial stability in the insurance industry evolved in recent years, and since the financial crisis?
   b. Which events (e.g., low interest rates, financial market crashes, natural disasters etc.) pose the greatest risks to insurers? Would these lead to broader spillovers to the financial system and real economy?
   c. How effective is insurance regulation in the US? Are there gaps in regulation?
   d. Can private insurers credibly insure against extreme tail events? How effective are catastrophe bonds, reinsurance etc. in pooling tail risks? What role should government play?

3. Asset management:
   a. Which, if any, asset management activities pose systemic risk? Could any individual asset management firm, by virtue of its scale or scope of activities, be a source of systemic risk?
   b. Are low-leverage investment vehicles (e.g., mutual funds, ETFs) free of systemic risk?
   c. Are there new or emerging risks in the hedge fund sector?
   a. Will recent regulatory reforms result in lower liquidity risk for money market mutual funds, ETFs, mutual funds and other investment vehicles?

4. Fintech:
   a. Does the Fintech sector pose systemic risk? Is regulation of Fintech firms warranted?
   b. To what extent does growth in Fintech reflect regulatory arbitrage or price discrimination rather than productivity-enhancing technological innovations?

5. Do other types of nonbank financial intermediaries or activities pose significant systemic risk (e.g., central counterparties, private equity, high-frequency trading, real estate investment trusts, finance companies etc.)?

Discussion of these agenda topics will be followed by a discussion of the New York Fed presidential search with Shawn Phillips, Corporate Secretary of Federal Reserve Bank of New York, and a search firm representative.