

## Minutes of the Financial Stability Oversight Board Meeting October 13, 2008

A meeting of the Financial Stability Oversight Board was held telephonically on Monday, October 13, 2008, at 11:30 a.m. (EDT).

### MEMBERS PARTICIPATING BY TELEPHONE:

Mr. Bernanke, Chairperson  
Mr. Paulson  
Mr. Cox  
Mr. Preston

### AGENCY STAFF PARTICIPATING BY TELEPHONE:

Mr. Kashkari, Interim Assistant Secretary of the Treasury for Financial Stability and Assistant Secretary of the Treasury for International Economics and Development  
Mr. Nason, Assistant Secretary for Financial Institutions, Department of the Treasury  
Mr. Hoyt, General Counsel, Department of the Treasury  
Mr. Jester, Department of the Treasury  
Mr. Alvarez, General Counsel, Board of Governors of the Federal Reserve System  
Mr. Wilcox, Deputy Director, Division of Research and Statistics, Board of Governors of the Federal Reserve System

Mr. Fallon, Assistant General Counsel, Board of Governors of the Federal Reserve System

Mr. DeMarco, Chief Operating Officer and Deputy Director for Housing Goals and Mission, Federal Housing Finance Agency

Mr. Borchert, Senior Advisor to the Secretary of the Department of Housing and Urban Development

The meeting was called to Order by the Chairperson.

Officials from the United States Department of the Treasury (“Treasury”) provided the Oversight Board with an overview of the capital purchase program that the Treasury proposed to establish under the Troubled Assets Relief Program (“TARP”). Using materials provided, Treasury officials generally reviewed, among other things, the types of institutions that would be eligible to participate in the capital purchase program, the proposed aggregate size of the program and the types, terms and conditions of the securities that the Treasury would acquire under the program. Consistent with the provisions of the Emergency Economic Stabilization Act of 2008 (“EESA”), the officials reported that Mr. Paulson, in consultation with Mr. Bernanke, expected to determine that the purchase by the Treasury of the equity and other securities to be issued by financial institutions under the capital purchase program is necessary to promote financial market stability.

Treasury officials also provided the Oversight Board with an overview of how the Treasury proposed to implement the executive compensation limitations and restrictions in section 111 of EESA for institutions that participate in the capital purchase program.

Using documentation provided, Treasury officials also provided the Oversight Board with an overview of additional potential actions that might be taken by the Secretary of the Treasury, the Board of Governors of the Federal Reserve System and the Federal Deposit Insurance Corporation (“FDIC”) to complement the capital purchase program and help promote financial stability. These actions included the potential guarantee by the FDIC of certain uninsured deposit liabilities of insured depository institutions and certain senior unsecured debt obligations of insured depository institutions and qualifying holding companies of such institutions.

Following these presentations, Mr. Bernanke noted that the Federal Reserve Board expected to announce soon approval of a new commercial paper funding facility that would help dislocations in the commercial paper market. Mr. Bernanke also noted that the programs being developed in the United States were generally consistent with the principles developed by the G-7 countries over the previous days during the annual meeting of the International Monetary Fund. Mr. Bernanke and Mr. Paulson also provided Members an update on recent developments in Europe with respect to the condition of European financial institutions and the actions that European authorities were planning on taking to promote financial stability.

A discussion among the Members then ensued regarding the objectives, terms and expected impact of the proposed capital purchase program and related proposals. Members discussed the expected level of participation by financial institutions in the proposed capital purchase program, the amount of funding that would remain available under the TARP for other programs, the relationship between the TARP and the guarantee program that might be implemented by the FDIC, and the process for briefing the appropriate committees and members of Congress regarding the proposed capital purchase program. In addition, Members discussed the terms of the investments that would be made by the Treasury under the capital purchase program, including the types of capital instruments that would be acquired by the Treasury and the voting and dividend rights associated with the proposed instruments. Members also discussed the potential impact of the programs on financial institutions and financial markets, including money market mutual funds and government-sponsored enterprises.

During this discussion, representatives from the Treasury indicated that Treasury was continuing to move forward with other TARP-related programs focused on troubled mortgage-related assets.

The meeting was adjourned at approximately 12:15 p.m. (EDT).

[Signed Electronically]

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Jason A. Gonzalez  
Secretary