



# CIGFO Audit of the Financial Stability Oversight Council’s **Monitoring of International Financial Regulatory Proposals and Developments**

**May 2019**

CIGFO-2019-01





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# Abbreviations

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CIGFO	Council of Inspectors General on Financial Oversight
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act
FSB	Financial Stability Board
FSOC or Council	Financial Stability Oversight Council
IOSCO	International Organization of Securities Commissions
LIBOR	London Interbank Offered Rate
RRC	Regulation and Resolution Committee
SRC	Systemic Risk Committee
Treasury	Department of the Treasury

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# Message from the Chair

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Dear Mr. Chairman:

I am pleased to present you with the Council of Inspectors General on Financial Oversight (CIGFO) report titled, Audit of the Financial Stability Oversight Council's Monitoring of International Financial Regulatory Proposals and Developments.

One of the statutory duties of the Financial Stability Oversight Council (FSOC) is to monitor domestic and international financial regulatory proposals and developments, including insurance and accounting issues, and to advise Congress and make recommendations in such areas that will enhance the integrity, efficiency, competitiveness, and stability of the U.S. financial markets.

FSOC's monitoring of international financial regulatory proposals and developments is conducted in the context of FSOC's statutory purposes, which focuses on developments that could pose risks to the stability of the U.S. financial system.

CIGFO convened a Working Group to assess FSOC's monitoring of international financial regulatory proposals and developments. In this resulting audit report, we concluded that FSOC has a process for monitoring international financial regulatory proposals and developments. All FSOC members or member representatives who offered an opinion described FSOC's monitoring process as adequate. Although described as adequate, several FSOC members or representatives offered suggestions for enhancing the process. We encourage FSOC to consider incorporating into its process the suggestions made by its members to the extent the suggestions are consistent with FSOC's focus on identifying and addressing threats to the stability of U.S. financial system. We are not making any recommendations to FSOC as a result of this audit.

I would like to take this opportunity to thank the FSOC members for their support, especially those Department of the Treasury officials who assisted with this effort.

CIGFO looks forward to working with you on this and other issues. In accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act, CIGFO is also providing this report to Congress.

Sincerely,

/s/

Eric M. Thorson

Chair, Council of Inspectors General on Financial Oversight

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# Executive Summary

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## Why and How We Conducted this Audit

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act)<sup>1</sup> created regulatory and resolution frameworks designed to reduce the likelihood, and severe economic consequences, of financial instability. The Dodd-Frank Act established the Financial Stability Oversight Council (FSOC or Council) and charged it with identifying risks to the nation's financial stability, promoting market discipline, and responding to emerging threats to the stability of the nation's financial system. Among other duties, Title I of the Dodd-Frank Act requires FSOC to monitor domestic and international financial regulatory proposals and developments, including insurance and accounting issues, and to advise Congress and make recommendations in such areas that will enhance the integrity, efficiency, competitiveness, and stability of the U.S. financial markets.

The Dodd-Frank Act also created the Council of Inspectors General on Financial Over-

sight (CIGFO), whose members include the Inspectors General with oversight authority for the majority of FSOC's member agencies. The Dodd-Frank Act authorizes CIGFO to convene a Working Group of its members to evaluate the effectiveness and internal operations of FSOC. In December 2017, CIGFO convened a Working Group to conduct an audit to assess FSOC's monitoring of international financial regulatory proposals and developments for the period of January 2016 to January 2018.<sup>2</sup> The Working Group was led by the Department of the Treasury's (Treasury) Office of Inspector General, whose Inspector General is the Chair of CIGFO.

To accomplish the audit objective, the Working Group reviewed the Dodd-Frank Act to determine FSOC's statutory purposes and duties. It reviewed FSOC's governance documents, annual reports, meeting minutes, and committee meeting agendas. It also interviewed staff from the FSOC Secretariat at Treasury as well as interviewed or received responses from FSOC members

<sup>1</sup> Public Law No. 111-203, enacted July 21, 2010.

<sup>2</sup> See Appendix IV for a listing of Working Group members.

and member agency representatives to develop a better understanding of FSOC's monitoring of international financial regulatory proposals and developments. The Working Group conducted fieldwork from February 2018 through June 2018. Appendix I provides additional details about the objective, scope, and methodology of this audit.

## What We Learned

FSOC monitors international financial regulatory proposals and developments in several ways. First, FSOC develops and publishes an annual report, which describes important international financial regulatory proposals and developments, identifies emerging threats to U.S. financial stability, and can include recommendations related to these issues. FSOC also follows up on the issues, threats, and recommendations identified in its annual report. Second, FSOC members periodically discuss international topics at their meetings, and are given presentations by experts from relevant member agencies. Third, the staffs of FSOC member agencies share information on these topics in FSOC's staff-level committees, primarily the Systemic Risk Committee (SRC). Finally, some FSOC member agencies have their own international engagement,

which can inform their participation in FSOC meetings.

FSOC members and FSOC member agency representatives expressed their overall satisfaction with FSOC's monitoring of international activities and proposals, and believed that the process was adequate. Several FSOC members offered suggestions for process enhancements which are included on pages 8 and 9 of this report. We encourage FSOC to consider incorporating the suggestions made by these members into its processes to the extent the suggestions are consistent with FSOC's purposes of identifying risks to U.S. financial stability, promoting market discipline, and responding to emerging threats to the stability of the U.S. financial system. We are not making any recommendations to FSOC as a result of our audit.

## FSOC Response

In a written response, Treasury, on behalf of the FSOC Chairperson, acknowledged the findings and conclusions in this report. The response stated that the suggestions made by several FSOC members to further enhance the Council's work will be considered. The response is provided as Appendix III.



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# CIGFO Working Group Audit

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This report presents the results of the CIGFO Working Group’s audit of FSOC’s monitoring of international financial regulatory proposals and developments. CIGFO is issuing this report to FSOC and Congress as part of CIGFO’s responsibility to oversee FSOC under the Dodd-Frank Act. See Appendix II for a listing of previous CIGFO reports.

## Background

The Dodd-Frank Act established FSOC to create joint accountability for identifying and mitigating potential threats to the stability of the nation’s financial system. By creating FSOC, Congress recognized that protecting financial stability would require the collective engagement of the entire financial regulatory community. As shown in Figure 1, the Council consists of 10 voting members and 5 non-voting members and brings together the expertise of federal financial regulators; state regulators; an insurance expert appointed by the President, by and with the advice and consent of the Senate; and others.<sup>3</sup> The voting members of FSOC provide a federal

financial regulatory perspective as well as an independent insurance expert’s view. The non-voting members offer different insights as state-level representatives from bank, securities, and insurance regulators or as the directors of offices within Treasury — the Office of Financial Research and the Federal Insurance Office, established in Titles I and V of the Dodd-Frank Act, respectively.

Within Treasury, a dedicated policy office of Treasury staff, led by a Deputy Assistant Secretary, functions as the FSOC Secretariat and assists in coordinating the work of the Council among its members and member agencies.

The statutory purposes of FSOC are to:

- identify risks to the financial stability of the U.S. that could arise from the material financial distress or failure, or ongoing activities, of large, interconnected bank holding companies or nonbank financial companies, or that could arise outside the financial services marketplace;

<sup>3</sup> 12 U.S.C. 5321(b).

**Figure 1: FSOC Council Membership**

Federal and Independent Members	State Members
<ul style="list-style-type: none"> <li>• Secretary of the Treasury, Chairperson (v)</li> <li>• Chairman of the Board of Governors of the Federal Reserve System (v)</li> <li>• Comptroller of the Currency (v)</li> <li>• Director of the Bureau of Consumer Financial Protection (v)</li> <li>• Chairman of the Securities and Exchange Commission (v)</li> <li>• Chairperson of the Federal Deposit Insurance Corporation (v)</li> <li>• Chairman of the Commodity Futures Trading Commission (v)</li> <li>• Director of the Federal Housing Finance Agency (v)</li> <li>• Chairman of the National Credit Union Administration Board (v)</li> <li>• Director of the Office of Financial Research</li> <li>• Director of the Federal Insurance Office</li> <li>• Independent member with insurance expertise (v)</li> </ul> <p>(v) Indicates Voting Member</p>	<ul style="list-style-type: none"> <li>State Insurance Commissioner</li> <li>State Banking Supervisor</li> <li>State Securities Commissioner</li> </ul>

- promote market discipline, by eliminating expectations on the part of shareholders, creditors, and counterparties of such companies that the Government will shield them from losses in the event of failure; and
- respond to emerging threats to the stability of the U.S. financial system.<sup>4</sup>

Each year, FSOC is to issue an annual report to Congress on the activities of the Council, significant financial market and regulatory developments, potential emerging threats, and its recommendations regarding various topics.

<sup>4</sup> 12 U.S.C. 5322(a)(1).

## Audit Approach

Our audit objective was to assess FSOC’s monitoring of international financial regulatory proposals and developments. Our audit scope focused on FSOC’s efforts to monitor international activities over a 2-year period, January 2016 through January 2018. To accomplish our objective, participating Offices of Inspector General collected information from FSOC members and/or FSOC member representatives, through interviews or self-reporting guided by a questionnaire developed by the CIGFO Working Group, regarding their perspectives on FSOC’s efforts to monitor international financial regulatory proposals

and developments. In addition, we interviewed officials of the FSOC Secretariat and reviewed FSOC annual reports and laws applicable to FSOC's authority to monitor international financial regulatory proposals and developments. We conducted our audit fieldwork from February 2018 through June 2018.

## FSOC's Activities To Monitor International Financial Regulatory Proposals And Developments

The Dodd-Frank Act provides that FSOC has the duty to monitor international financial regulatory proposals and developments, including insurance and accounting issues, and to advise Congress and make recommendations in such areas that will enhance the integrity, efficiency, competitiveness, and stability of the U.S. financial markets. FSOC's monitoring of international financial regulatory proposals and developments is conducted in the context of FSOC's statutory purposes, which focuses on developments that could pose risks to the stability of the U.S. financial system.

The Dodd-Frank Act does not establish specific guidelines or expectations for how FSOC is to fulfill its duty to monitor international financial regulatory proposals and developments. Accordingly, the CIGFO Working Group developed a methodology for reviewing FSOC's activities in this regard.

Through our interviews with the FSOC Secretariat and FSOC members and/or representatives and their responses to the questionnaire developed by the CIGFO Working Group, we learned that FSOC monitors these activities in several ways: (1) periodic discussion of international topics at the FSOC principals'<sup>5</sup> meetings, including presentations by experts from relevant member agencies; (2) information sharing at FSOC committee-level meetings; and (3) the development and publishing of its annual reports, which describe important international proposals and developments, identify potential emerging threats to U.S. financial stability, and may include recommendations related to these issues. In addition, some member agencies have their own international engagement, which can inform their participation in FSOC meetings.

### FSOC Principals and FSOC Committee Meetings

FSOC has a statutory duty to facilitate information sharing and coordination among its member agencies and other Federal and State agencies.<sup>6</sup> Through this role, FSOC works to address gaps and weaknesses within the regulatory structure that could pose risks to U.S. financial stability, and to promote a safer and more stable financial system. FSOC exercises its convening authority both through meetings of FSOC members and through its staff-level committee structure. We noted that the principals held 17 meetings during the audit period and international topics were discussed at 10 of those meetings.

<sup>5</sup> Principals are FSOC members, most of whom are heads of federal or state financial regulatory agencies.

<sup>6</sup> 12 U.S.C. 5322(a)(2)(E).

FSOC operates under a committee structure to promote shared responsibility among its members and member agencies and to leverage the expertise that already exists at each agency. These committees consist of senior or staff level representatives from each of the FSOC members. We identified two primary committees that support the Council's monitoring of international activities, FSOC's Regulation and Resolution Committee (RRC) and FSOC's SRC. The RRC is tasked with identifying potential gaps in regulation that could pose risks to U.S. financial stability, and the SRC is tasked with identifying risks and responding to emerging threats to the stability of the U.S. financial system. During the audit period, the RRC held nine meetings to discuss topics that were regulatory in nature. We were told by an FSOC Secretariat official that most of the topics had international aspects. Additionally, the SRC held 10 meetings during the audit period to receive briefings from FSOC member agencies on a range of international topics that had a bearing or potential bearing on financial stability and to discuss the issues raised.

Topics discussed during SRC and RRC meetings included: European political and market developments, the United Kingdom referendum to leave the European Union (known as Brexit), Basel standards, the European banking sector (including Greece), China's economy and potential spillover risks, virtual currency, the London Interbank Offered Rate (LIBOR), central counterparty supervisory

stress tests, and qualified financial contracts. We determined that many topics discussed at the committee meetings were raised with the Council and were included, as appropriate, in FSOC's annual report.

Most FSOC members and/or representatives that we interviewed or coordinated with noted that the SRC is FSOC's primary mechanism to monitor international financial regulatory proposals and developments. The SRC serves as a forum for FSOC members and member agencies to identify, discuss, and analyze potential risks to U.S. financial stability, which may extend beyond the jurisdiction of a single agency.

Representatives from one member agency stated that proposals and developments monitored by these committees are shared with the Deputies Committee,<sup>7</sup> sometimes as part of a committee meeting readout, and sometimes as a standalone presentation. Representatives from another member agency stated that when there is an international financial regulatory proposal or development of concern from a financial stability perspective, the Deputies Committee and/or the Council receive briefings from relevant experts from FSOC member agencies to inform them about the topic.

In addition, several FSOC members and/or representatives stated that FSOC focuses more on domestic activities than those of an international nature due to the greater po-

<sup>7</sup> The members of the Deputies Committee are senior officials from each of the member agencies. This committee coordinates and oversees the work of the other interagency staff committees.

tential influence of domestic developments on U.S. financial stability. For example, representatives from one member agency stated that FSOC member agencies that are the lead on domestic regulatory proposals and developments with financial stability implications are available to brief FSOC members and/or its committees. Despite the emphasis on domestic developments, briefings on international financial regulatory proposals and developments are provided by FSOC member experts.

### **Annual Reporting**

The Dodd-Frank Act requires FSOC to report to Congress annually about: (1) its activities; (2) significant financial market and regulatory developments; (3) potential emerging threats to the financial stability of the United States; and (4) recommendations to: (i) enhance the integrity, efficiency, competitiveness, and stability of U.S. financial markets; (ii) promote market discipline; and (iii) maintain investor confidence, among other things. Consistent with this charge, we found that FSOC's annual reports described the activities of the Council and its subcommittees, including international financial regulatory proposals and developments. Most of the FSOC members and/or representatives we interviewed or coordinated with, told us that FSOC monitors international financial regulatory proposals and developments through its annual reporting process. Specifically, many FSOC members and/or representatives participate in FSOC's annual report drafting

process, which serves as an opportunity for participating members and member agencies to discuss and provide input about international activities.

FSOC has made no recommendations related to international financial regulatory proposals and developments in its annual reports, which FSOC has issued to Congress each year since its inception in 2010. An FSOC Secretariat official told us that should the Council identify a need to make a recommendation related to an international regulatory proposal or development, it would likely accomplish this through its annual report.

### **Individual Member Agencies' Efforts**

Some FSOC member agencies independently monitor international activities within their agencies' purview and hold discussions with foreign counterparts. The knowledge these member agencies gain from these activities can be shared among each other and at FSOC meetings. Examples of agencies' independent activities include: participation in working groups and committees of the Financial Stability Board (FSB) and other international organizations,<sup>8</sup> and information sharing with agencies' international affairs offices. For example, Treasury participates in the FSB. The Securities and Exchange Commission is active in monitoring international activities and regulatory developments through a variety of methods, including participation in international financial regulatory organizations of which it is a member (e.g.,

<sup>8</sup> The FSB was established in April 2009 and serves as an international body that monitors and makes recommendations about the global financial system. The U.S. member institutions on the Board are the Board of Governors of the Federal Reserve System, the U.S. Securities and Exchange Commission, and Treasury. Additional background is available online at [www.fsb.org](http://www.fsb.org).

FSB, International Organization of Securities Commission (IOSCO) and working groups thereof), and direct engagement with foreign counterparts that are market regulators. The Commodity Futures Trading Commission conducts its own monitoring of international financial regulatory proposals through its membership in the IOSCO, the Over-The-Counter Derivatives Regulators Group, and as an invited guest to working groups and committees of the FSB. The Federal Deposit Insurance Corporation participates in international standard-setting bodies and engages in its own discussions with international supervisors and regulators. The Board of Governors of the Federal Reserve System monitors international financial developments consistent with its mandate. For example, the Federal Reserve Board's Division of International Finance conducts research, analyzes policies, and reports in the areas of foreign economic activity, U.S. external trade and capital flows, and developments in international financial markets and institutions. FSOC Secretariat officials told us that FSOC seeks to avoid duplication or overlap with its member agencies' individual efforts in monitoring international developments.

## **FSOC MEMBERS CONSIDER THE MONITORING PROCESS ADEQUATE**

All FSOC members and/or representatives who provided views on this issue described FSOC's monitoring of international financial regulatory proposals and developments as adequate since FSOC's monitoring process accomplishes its intended purpose, which is to keep abreast of international issues that may pose risks to the U.S. financial system and raise awareness of those issues. We note that as a practical matter, FSOC does not have decision making authority over international financial regulatory proposals or developments.

A couple of members suggested that FSOC could enhance its monitoring process by incorporating additional or more focused briefings at its principals and committee meetings. One of these members suggested that FSOC's RRC could receive periodic updates on key international regulatory proposals being considered in various financial sectors while the SRC could receive periodic updates on international market developments. That member also suggested that it would be appropriate for the Nonbank Financial Companies Designations Committee (Nonbank Designations Committee)<sup>9</sup> to receive updates regarding the global systemically important insurers<sup>10</sup> process and/or activities-based ap-

9 The Nonbank Designations Committee supports FSOC in fulfilling its responsibilities to consider, make, and review determinations that nonbank financial companies shall be supervised by the Board of Governors of the Federal Reserve System and be subject to enhanced prudential standards, pursuant to the Dodd-Frank Act.

10 Insurers identified by the FSB as those whose distress or disorderly failure, because of their size, complexity, and interconnectedness, would cause significant disruption to the global financial system and economic activity.

proach being discussed at the International Association of Insurance Supervisors.<sup>11</sup> In addition, the member stated that it would make sense for the principals to receive briefings regarding the most significant proposals and market developments to the extent that those proposals and developments may impact U.S. financial stability.

Another member suggested that agencies who participate in international regulatory coordination and standard-setting bodies could make a greater effort to regularly present to the SRC, RRC, or other FSOC committees about their coordination efforts with international regulatory authorities, as appropriate. The member suggested FSOC should make a greater effort to cover, in committee meetings, the risks posed to systemically important foreign financial institutions by domestic and international financial regulatory proposals and developments. According

to that member, international topics covered by the SRC are generally related to international economic or political developments as opposed to international financial regulatory developments. This member suggested that FSOC could make a greater effort to connect emerging international risks to international financial regulatory proposals intended to mitigate those risks. Additionally, this member stated that greater effort could be made by the SRC to cover international developments and proposals discussed in FSOC's annual report.

Additionally, representatives from one FSOC member agency stated that FSOC does not need to get involved in areas where regulators already exist and should continue monitoring areas such as risks related to LIBOR, European debt, and the Chinese shadow banking system, where there is no lead U.S. financial regulatory agency.

<sup>11</sup> Established in 1994, the International Association of Insurance Supervisors is the international standard-setting body responsible for developing principles, standards, and other supporting material for the supervision of the insurance sector and assisting in their implementation.

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# CONCLUSION

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We determined that FSOC has a process for monitoring international financial regulatory proposals and developments. FSOC's monitoring is evidenced by the discussion of international topics at FSOC principals' meetings, information sharing at FSOC committee-level meetings, and the development and publishing of its annual report.

All FSOC members or member representatives who offered an opinion described FSOC's process to monitor international financial regulatory proposals and developments as adequate. Although they described FSOC's monitoring process as adequate, several members and/or representatives offered suggestions for enhancing the process which included, but were not limited to: (1) asking member agencies who participate in international regulatory coordination, as well as standard-setting bodies, to regularly present to FSOC's committees on coordination efforts with international regulatory authorities; (2) making a greater effort to cover the risks posed to systemically important foreign financial institutions by domestic and international financial regulatory proposals and developments; (3) separating the types of periodic updates received by the SRC

and RRC—specifically, international market updates versus international financial regulatory proposals, respectively; (4) receiving briefings at principals' meetings regarding the most significant international financial regulatory proposals and market developments to the extent that those activities may impact U.S. financial stability; and (5) continuing FSOC's monitoring efforts in areas where no lead financial regulatory agency exists.

We encourage FSOC to consider incorporating into its process the suggestions made by its members to the extent the suggestions are consistent with FSOC's focus on identifying and addressing threats to the stability of U.S. financial system. We are not making any recommendations to FSOC as a result of our audit.

### **FSOC Response**

In a written response, Treasury, on behalf of the FSOC Chairperson, acknowledged its monitoring of international financial regulatory proposals and developments as outlined in this report. The response stated that the suggestions made by several FSOC members to further enhance the Council's work will be considered.



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# Appendix I: Objective, Scope, and Methodology

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## Objective

The audit objective was to assess the Financial Stability Oversight Council's (FSOC) monitoring of international financial regulatory proposals and developments.

- interviewed or coordinated with FSOC members and member agency representatives to obtain their views and to determine their involvement in FSOC's process of monitoring international financial regulatory proposals and developments;

## Scope and Methodology

The scope of this audit included FSOC's monitoring of international financial regulatory proposals and developments from January 2016 through January 2018.

To accomplish our objective, we:

- reviewed the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) to determine FSOC's statutory purposes and duties;
- interviewed staff from the FSOC Secretariat to determine FSOC's process of monitoring international financial regulatory proposals and developments;
- interviewed or coordinated with FSOC members and member agency representatives to obtain their views and to determine their involvement in FSOC's process of monitoring international financial regulatory proposals and developments;
- reviewed past FSOC and Council of Inspectors General on Financial Oversight annual reports, FSOC's bylaws, FSOC's committee charters for the following committees: Data Committee; Financial Market Utilities and Payment, Clearing and Settlement Activities Committee; Nonbank Financial Companies Designations Committee; Regulation and Resolution Committee; and the Systemic Risk Committee;
- reviewed FSOC's Principals' meeting minutes, and meeting agendas for FSOC's Systemic Risk Committee and Regulation and Resolution Committee (FSOC is not required to prepare meeting minutes for committee meetings);

therefore, we could only review agendas for these groups); and

- created a questionnaire designed to gather specific information regarding each FSOC member and member agency's participation in the monitoring of international financial regulatory proposals and developments as well as their assessment of FSOC's work in this area. This questionnaire was used by each of the Working Group members to facilitate the consistent collection of information from all interviewees. Several members self-reported their responses to the questionnaire.

We performed fieldwork from February through June 2018. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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## Appendix II: Prior CIGFO Reports

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The Council of Inspectors General on Financial Oversight (CIGFO) has issued the following prior reports:

- Audit of the Financial Stability Oversight Council's Controls over Non-public Information, June 2012
- Audit of the Financial Stability Oversight Council's Designation of Financial Market Utilities, July 2013
- Audit of the Financial Stability Oversight Council's Compliance with Its Transparency Policy, July 2014
- Audit of the Financial Stability Oversight Council's Monitoring of Interest Rate Risk to the Financial System, July 2015
- Audit of the Financial Stability Oversight Council's Efforts to Promote Market Discipline, February 2017
- CIGFO's Corrective Verification Action on the Audit of the Financial Stability Oversight Council's Designation of Financial Market Utilities, May 2017
- Top Management and Performance Challenges Facing Financial Regulatory Organizations, September 2018

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## Appendix III: FSOC Response

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December 19, 2018

The Honorable Eric M. Thorson  
Chair, Council of Inspectors General  
on Financial Oversight (CIGFO)  
1500 Pennsylvania Avenue, NW  
Washington, D.C. 20220

Re: Response to Draft Audit Report: CIGFO's Audit of the Financial Stability Oversight Council's Monitoring of International Financial Regulatory Proposals and Developments

Dear Mr. Chairman:

Thank you for the opportunity to review and respond to your draft audit report. Audit of the Financial Stability Oversight Council's Monitoring of International Financial Regulatory Proposals and Developments (the Draft Report). The Financial Stability Oversight Council (FSOC) appreciates the CIGFO working group's review of the FSOC's efforts to monitor international issues consistent with its statutory duties. This letter responds on behalf of Secretary Mnuchin, as Chairperson of FSOC, to the Draft Report.

As the Draft Report notes, FSOC monitors international financial regulatory proposals and developments in several ways, including through the development of its annual reports; discussions at Council and staff-level committee meetings and other staff-level discussions; and through the direct international engagement of its member agencies that inform their participation on FSOC. The report noted that FSOC members and their staffs expressed their overall satisfaction with FSOC's monitoring in this area and believe the process is adequate. CIGFO made no recommendations as a result of the working group review. The Draft Report notes that several FSOC members offered suggestions to further enhance FSOC's work, which we will consider in the future.

Thank you again for the opportunity to review and comment on the Draft Report. We value CIGFO's input and look forward to continuing our constructive engagement with you.

Sincerely,

/s/

Bimal Patel

Deputy Assistant Secretary for the Financial  
Stability Oversight Council

# Appendix IV: CIGFO Working Group

## Department of the Treasury Office of Inspector General, Lead Agency

Eric M. Thorson, Inspector General, Department of the Treasury, and CIGFO Chair

Deborah Harker	Lisa Carter	Jeffrey Dye
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Vicki Preston	Virginia Shirley	Clyburn Perry III
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## Board of Governors of the Federal Reserve System and the Bureau of Consumer Financial Protection Office of Inspector General

Mark Bialek, Inspector General, Board of Governors of the Federal Reserve System and Bureau of Consumer Financial Protection

Chie Hogenmiller	Melissa Chammas	
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## Commodity Futures Trading Commission Office of Inspector General

A. Roy Lavik, Inspector General, Commodity Futures Trading Commission

Miguel Castillo	Branco Garcia	
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## Federal Deposit Insurance Corporation Office of Inspector General

Jay N. Lerner, Inspector General, Federal Deposit Insurance Corporation

Robert Fry		
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## Federal Housing Finance Agency Office of Inspector General

Laura Wertheimer, Inspector General, Federal Housing Finance Agency

Marla Freedman	Bob Taylor	Jim Lisle
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April Ellison		
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## Securities and Exchange Commission Office of Inspector General

Carl W. Hoecker, Inspector General, Securities and Exchange Commission

Rebecca L. Sharek	Carrie Fleming	
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