

Council of Inspectors General on Financial Oversight
September 28, 2015
Meeting Minutes
(Draft)

Council Members Present

Eric Thorson, Chairman

Fred Gibson, Acting Inspector General, Federal Deposit Insurance Corporation

Carl Hoecker, Inspector General, Securities and Exchange Commission

James Hagen, Inspector General, National Credit Union Administration

Jason Derr, Counsel, Office of Inspector General, Board of Governors of the Federal Reserve System/Consumer Financial Protection Bureau

Others Attending

Jeff Dye, Audit Director, Office of Inspector General, Department of the Treasury

Susan Marshall, Executive Director, Council of Inspectors General on Financial Oversight

Chairman Thorson called the meeting to order at 10:02 a.m. and after his opening remarks asked the members to vote on the June Council of Inspectors General on Financial Oversight (CIGFO) meeting minutes which were unanimously approved.

Subsequent to the vote Derr briefed members about the Board of Governors of the Federal Reserve System's (Board) supervision of FSOC-designated nonbank financial companies. Specifically, he described the organizational framework for this supervision, which includes a macro and micro-prudential focus by integrating Board and Federal Reserve Bank activities. He also outlined recent supervisory guidance found in Supervision and Regulation Letter 15-7 regarding the Federal Reserve's Large Institution Supervision Coordinating Committee (LISCC), which coordinates, in part, the Federal Reserve's supervision of FSOC-designated nonbank financial companies.

Derr highlighted the fact that the LISCC framework is a multi-disciplinary approach to supervision combining supervisors, economists, payment system experts, and market analysts from across the Board and the Federal Reserve Banks. Additionally, he provided a summary of the Board's and the Federal Deposit Insurance Corporation's most recent feedback of July 2015 regarding the resolution plans, or "living wills," of three FSOC-designated nonbank financial companies.

Next Chairman Thorson offered for review and approval a Working Group proposal to assess FSOC's efforts to fulfill its Dodd-Frank Wall Street Reform and Consumer Protection Act mandate to eliminate expectations that the government will shield shareholders, creditors, and others from losses in the event a financial institution fails. There being no objection to the proposal as drafted it was unanimously approved. Thorson said the Department of the Treasury Office of Inspector Audit staff would lead the effort.

Following the approval of the proposal Marshall briefed members on the oversight provisions contained in the House and Senate versions of the Cybersecurity Information Sharing Act of 2015 (CISA). She said that if either of the bill's oversight provisions are enacted CIGFO would be required to work with specific Inspectors General in the drafting of biennial reports to Congress on specific implementation measures in the law. A discussion about the legislation ensued and Marshall said she would continue to monitor bill status.

At the conclusion of the discussion Chairman Thorson briefed members on the latest Financial Stability Oversight Council (FSOC) activities, including FSOC member agency rules. He also announced the findings included in a recent Department of the Treasury Office of Inspector General report which determined that data collection efforts by the FSOC and the OFR are not duplicative.

Chairman Thorson called for a motion to adjourn, which was seconded by Hagen and Hoecker and unanimously approved by the members.

The meeting adjourned at 11:00 a.m.