

**Council of Inspectors General on Financial Oversight
Meeting
September 23, 2013
Room 4436
Minutes**

Council Members Present:

Eric Thorson, Chair
Jon Rymer, Vice Chair, Federal Deposit Insurance Corporation
Mark Bialek, Board of Governors of the Federal Reserve System/Consumer Finance Protection Board
David Montoya, Housing and Urban Development
Michael Stephens, Federal Housing Finance Agency
Sharon Separ, National Credit Union Administration
Carl Hoecker, Securities and Exchange Commission

Guests:

Amias Gerety, Deputy Assistant Secretary for the Financial Stability Oversight Council (FSOC)

Others Attending:

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

The Council of Inspectors General on Financial Oversight (CIGFO) meeting was called to order by the Chair at 10:05 a.m. on September 23, 2013.

After welcoming guest speaker, Amias Gerety, Deputy Assistant Secretary for the Financial Stability Oversight Council (FSOC) the Chair set aside time to thank two CIGFO members—Inspector General Rymer and Inspector General Linick--for their participation and dedication to the Council by presenting IG Rymer and IG Linick's representative, FHFA's Deputy Principal IG, Stephens, with certificates of appreciation. As noted by the Chair, both Inspectors General provided invaluable leadership to the group and were instrumental in helping to build the CIGFO's operational foundation. Both Inspectors General were appointed to new posts in government- Mr. Rymer to be Inspector General, Department of Defense, and Mr. Linick to be Inspector General Department of State.

After this short ceremony the Chair asked for a motion to proceed to the minutes. That motion was seconded by IG Rymer and IG Hoecker with CIGFO members unanimously approving the June meeting minutes.

Next, Deputy Assistant Secretary Gerety discussed the FSOC budget and staffing levels, stating that the FSOC Secretariat has 24 FTE slots and currently employs 22 people. The Secretariat's formal organizational structure includes a General Counsel, Director of Operations, Director of Policy and a Director of Analysis.

He went on to say that even though FSOC and the FSOC Secretariat are not funded by Congressional appropriations, they remain subject to sequestration which, in the last fiscal year, had an impact on FSOC's budget and its workload.

Discussion then turned to the Securities and Exchange Commission's (SEC) new information collection program, which is commonly referred to as the Form PF Data program. The Dodd-Frank Act provided the SEC with new authority to require registered investment advisers to maintain records and file reports regarding the hedge funds, private equity funds and other private funds they advise.

While the primary aim of this provision was to create a source of data for the FSOC to use in assessing systemic risk, the SEC also is using the data to support its own regulatory programs, including examinations, investigations and investor protection efforts relating to private fund advisers.

According to Deputy Assistant Secretary Gerety, for the first time the SEC has a complete set of Form PF records which are being reviewed for accuracy. Right now the Office of Financial Research has access to this information so they can use it to monitor systemic risk on behalf of the FSOC. In addition, the FSOC intends to use the SEC data to help it complete a number of other projects.

Once Deputy Assistant Secretary Gerety completed his presentation, the Chair asked IG Rymer to provide CIGFO members with an update on the recently held audit planning meeting. IG Rymer led this meeting which was attended by CIGFO member audit staff who worked together to develop ideas for future CIGFO working groups. IG Rymer outlined the process for determining the proposals, as well as the proposals themselves, and answered CIGFO member questions.

Next, CIGFO members were asked to vote on the draft Working Group proposals. The proposals included the following:

1. Review of FSOC's Compliance with its Transparency Policy
2. Audit to Assess FSOC's International Activities and sharing of International Information
3. Review of FSOC's Systemic Risk Committee
4. Review of FSOC and its Members' Response to Operational Risk Recommendations Related to Cybersecurity and Infrastructure

CIGFO members unanimously approved the proposals.

After this vote IG Rymer was asked to discuss an issue he previously raised with the Chair- the process for CIGFO audit follow-up.

Finally, the Chair provided the members with an update on all recent CIGFO and FSOC activities.

After procedural rulings the meeting adjourned at 11:16 a.m.