



## **On Proposed Guidance on Supervisory Expectations for Bank Boards of Directors**

Submitted by mlongacre@csbs.org on Wed, 02/21/2018 - 10:38

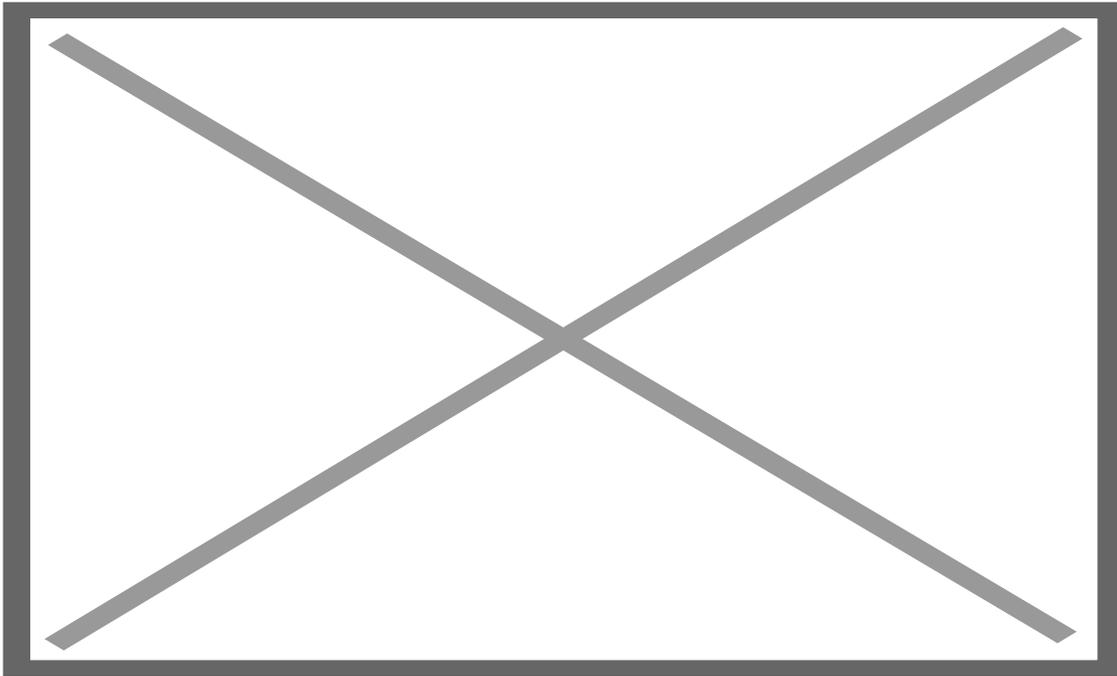
### **[Read the Full Comment Letter \[PDF\]](#)**

The Conference of State Bank Supervisors (“CSBS”)<sup>1</sup> appreciates the opportunity to comment on the Federal Reserve Board’s (“Board”) Proposed Guidance on Supervisory Expectations for Boards of Directors.<sup>2</sup> State banking departments charter more than 78% of the nation’s banks. Among the 4,496 FDIC insured state-chartered banks in operation as of Q3 2017, 822 are state-member banks. Shared supervisory responsibilities for these institutions necessitates close coordination and collaboration between state and federal reserve examiners.

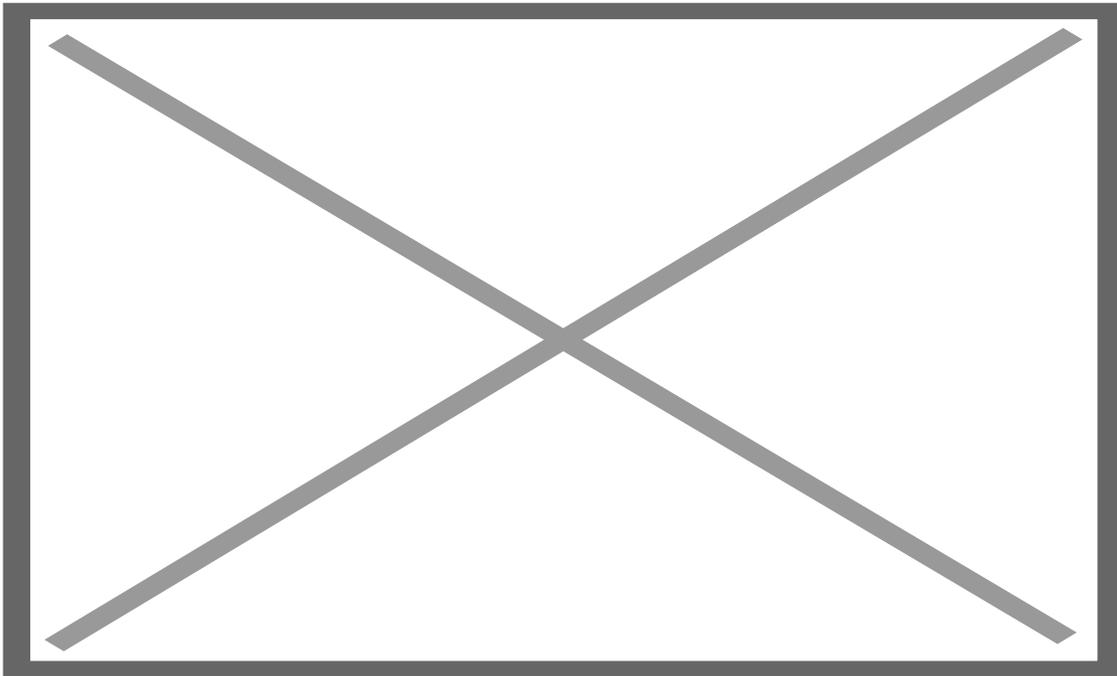
State regulators are supportive of the Board’s effort to clarify supervisory expectations of boards of directors (“BOD”) at financial institutions. Specifically, state regulators support Part I of the proposal, which would create new supervisory guidance addressing BOD effectiveness for the largest financial institutions, and Part II, which would eliminate or revise redundant, outdated, or irrelevant supervisory guidance found in 27 separate SR letters. State regulators believe that the consolidation of the more than 170 supervisory expectations found in these SR letters will result in meaningful burden reduction for bank holding companies, thrift holding companies, and state-member banks, and promote a more efficient and effective supervisory process. Bringing enhanced clarity to the delineation between day-to-day responsibilities of a bank’s BOD and senior management will allow BOD to focus on its core responsibilities, which include setting the firm’s strategy and risk tolerance, holding senior management accountable for effective risk management and compliance, supporting the stature and independence of the firm’s risk management and internal audit functions, and adopting effective governance practices.

While state regulators are supportive of the removal of duplicative guidance, we believe that additional clarity is needed regarding the proposed changes to the communication of examination findings (Part III of the proposed guidance).

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