

Congress of the United States
Washington, DC 20515

September 13, 2017

Janet L. Yellen
Chair
Board of Governors of the Federal Reserve System
20th Street and Constitution Ave, NW
Washington, DC 20551

Re: The Federal Reserve System's Proposed Guidance on Supervisory Expectation for Board of Directors (Docket No. OP-1570)

Dear Chair Yellen:

The undersigned Members of Congress appreciate the opportunity to comment on the Federal Reserve Board's (the "Fed") corporate governance proposal to enhance the effectiveness of boards of directors.

We support the Fed's overall efforts to encourage boards to refocus on their core responsibilities including risk oversight and strategy alignment. We also support the Fed's acknowledgement that "an effective board is composed of directors with a diversity of skills, knowledge, experience, and perspectives."

However, the Fed should go further and explicitly state that an essential step toward a firm's ultimate goal of composing a diverse board is to consider director nominees that are diverse with respect to *race, ethnicity* and *gender*.

In our nation, an individual's experience and perspective, within the context of the financial services industry, are greatly influenced by their race, ethnicity, and gender. For example, African-Americans and Hispanics are less likely to be consumers of traditional financial products and services compared to other Americans. In many cases, African-Americans and Hispanics make the choice of forgoing formal relationships with mainstream financial institutions due to long-held distrust. In its most recent survey on the unbanked, the Federal Deposit Insurance Corporation found that "the proportions of black and Hispanic households that thought banks were interested in serving households like theirs were lower than for white households." With African-Americans and Hispanics projected to have over \$3 trillion in purchasing power by 2020, it is simply poor corporate governance for a board to lack representation of individuals that understand the unique financial experiences of such a large segment of consumers.


In that vein, the Fed should add the recommended *text* to the second paragraph of section E of its supervisory guidance:


An effective board is composed of directors with a diversity of skills, knowledge, experience, and perspectives. To support a diverse composition, an effective board establishes a process for identifying and selecting director nominees which would consider, for example, a potential nominee’s expertise, availability, integrity, and potential conflicts of interest. ***Furthermore, an effective board would also consider board nominees that are diverse with respect to race, ethnicity, and gender.***

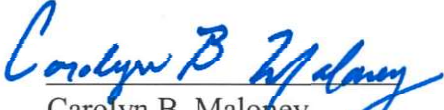
We believe the addition of this sentence will go a long way toward improving corporate governance at financial firms. We look forward to your response.

Sincerely,



Gregory W. Meeks
Member of Congress


Joseph Crowley
Member of Congress


José E. Serrano
Member of Congress


Carolyn B. Maloney
Member of Congress



Nydia M. Velázquez
Member of Congress

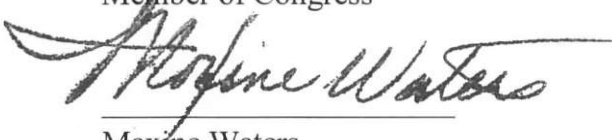

Brad Sherman
Member of Congress

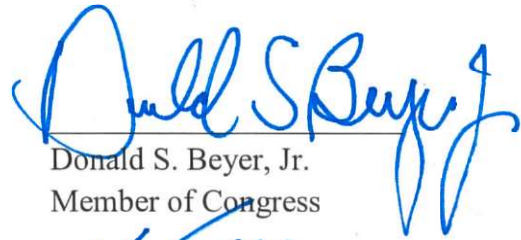

David Scott
Member of Congress



Keith Ellison
Member of Congress


Joyce Beatty
Member of Congress


Dwight Evans
Member of Congress


Maxine Waters
Member of Congress


Donald S. Beyer, Jr.
Member of Congress


Vicente Gonzalez
Member of Congress