Meeting Between Staff of the Federal Reserve System
and Independent Directors of Large Financial Institutions
October 6, 2017

Participants: Governor Jerome Powell, Daniel Abramowitz, and Scott Tkacz (Board of Governors); Michael Johnson and Cynthia Goodwin (Federal Reserve Bank of Atlanta); and Kerri O'Rourke-Robinson (Federal Reserve Bank of Richmond)

Lionel Nowell, Tom Woods, and David Yost (Bank of America); Bill Reuter and Tommy Thompson (BB&T); Shelaghmichael Brown and Lee Vardaman (BBVA Compass); Peter Raskind (Capital One Financial); Kevin Kabat (E-Trade); Carolyn Byrd, Charles McCrary, and Jose Suquet (Regions Financial); and David Ratcliffe and Tom Watjen (SunTrust Banks)

Summary: Governor Jerome Powell and staff of the Federal Reserve System met with independent directors of large financial institutions in the Atlanta, Richmond, and Dallas Federal Reserve Districts to discuss and solicit feedback on the recently issued Proposed Guidance on Supervisory Expectation for Boards of Directors (the "Proposal") relating to the principles of effective boards of directors.

The topics of discussion included attributes of an effective board, board governance and self-assessments, and supervisory communication with boards. Several directors expressed the view that the Proposal should be more specific and more precise in describing the Federal Reserve's expectations. Many directors also expressed concern about boards of directors being assessed under the proposed Large Financial Institution Rating System without more clarity and detail from the Federal Reserve.

A number of directors expressed concern that the voluntary self-assessment described in the Proposal would not truly be voluntary; and that sharing self-assessments with a regulator would have a significant chilling effect on directors' honesty and candor during the self-assessment process. One director also questioned whether board self-assessments shared with a regulator could be kept confidential or whether they could be subject to subpoena.

Several directors stated that there should be more direct, in-person communication between Federal Reserve supervisors and boards of directors, and several suggested that the Federal Reserve should send a quarterly "newsletter" to boards describing supervisory trends and other developments. Several directors also encouraged the Federal Reserve to ensure that supervisors receive sufficient training to consistently assess and supervise boards of directors from firm to firm. Many directors supported the Federal Reserve holding new director orientation sessions to familiarize them with Federal Reserve supervisory expectations.