

**Meeting Between Staff of the Federal Reserve System
and Independent Directors of Large Financial Institutions
September 22, 2017**

Participants: Michael Gibson, Timothy Geishecker, and Keisha I. Patrick (Federal Reserve Board); Steven Jenkins, Jenni Frazer, and Amy Berardinelli (Federal Reserve Bank of Cleveland); Bob Coberly (Federal Reserve Bank of Dallas); Bill Wisser (Federal Reserve Bank of Philadelphia)

Kevin DeNicola and Reginald Turner (Comerica); Nick Akins, Emerson Brumback, and Jewell Hoover (Fifth Third); Steve Elliott, Rick Neu, and Dave Porteous (Huntington); Charlie Cooley, Sandy Cutler, and Betsy Gile (KeyCorp); James Bachmann, Terry McClure, and Jeffrey Zellers (Nationwide Insurance); Don Shepard (PNC); Bill Bennett (TD); Mary Landry (USAA)

Summary: Staff of the Federal Reserve System met with independent directors of large financial institutions in the Cleveland, Philadelphia, 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. The independent directors expressed their thoughts that board composition, structure and governance are foundational to an effective board. Some independent directors characterized structure and governance as a pre-requisite for satisfying the remaining four attributes in the proposal. At least one independent director expressed that board composition is the most important attribute in the Proposal.

The independent directors expressed concern that the Federal Reserve was seeking submission to the Federal Reserve of the individual self-assessments that are prepared for directors to gauge their contributions. Such self-assessments are generally anonymous to promote candid feedback. Thus, directors were concerned that submission to a regulator would decrease the candor of the boards’ self-assessment process. Federal Reserve staff clarified that the Proposal suggests a self-assessment of board effectiveness relative to the five attributes provided in the Proposal.

Independent directors also provided feedback on the Proposal regarding matters requiring attention (MRAs) and matters requiring immediate attention (MRIAs). Independent directors expressed a desire to continue receiving copies of MRAs and MRIAs from the Federal Reserve. They also expressed contentment with the Proposal’s clarification that senior management is responsible for remediating the concerns in MRAs and MRIAs.