

TCH Publishes Updated Guiding Principles on Enhancing U.S. Banks' Corporate Governance

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New York, NY – June 24, 2015 – The Clearing House Association (TCH) today released its updated [*Guiding Principles for Enhancing U.S. Banking Organization Corporate Governance*](#) (Governance Principles). TCH's Governance Principles aim to help provide a framework for bank corporate governance that seeks to facilitate more effective board oversight, enhance bank safety and soundness, promote confidence in banks and encourage consistent supervisory guidance. The document published today expands upon the original version TCH released in 2012 to reflect various industry, legal and regulatory developments that have taken place in recent years.

“Sustaining sound corporate governance practices and systems continue to be a priority for our owner banks and this document is the culmination of an intensive effort to define and describe core elements of board action and responsibilities that generally contribute to effective governance and promote bank safety and soundness,” said Jim Aramanda, CEO of The Clearing House. “As laws, regulations and business models continue to evolve, so should bank corporate governance practices and structures to keep pace.”

Last September, TCH released an exposure draft of the updated Governance Principles and requested public comment. The final version reflects input from industry participants, governance experts and others who provided comments on the exposure draft.

While effective board oversight requires an appropriate level of director interaction with management, the Governance Principles stress that a central tenet of good corporate governance is the distinction between the board's responsibility for oversight of the business and affairs of the banking organization and the board's delegation to management of the responsibility for the day-to-day operations. Excessive board involvement in the day-to-day affairs of a banking organization could compromise the board's ability to perform its general oversight role as well as the board's independence, important hallmarks of sound corporate governance.

Among the areas the Guiding Principles address are:

- board makeup and voting;

- board oversight duties and responsibilities;
- setting an ethical “tone at the top”;
- promotion of a culture of compliance;
- board approval of an organization’s strategic objectives;
- consideration of matters that should be addressed at the board level;
- evaluations of board effectiveness;
- audit committee expertise; and
- board interaction with, and outreach to, bank regulators.

About The Clearing House. Established in 1853, The Clearing House is the oldest banking association and payments company in the United States. It is owned by the world’s largest commercial banks, which collectively hold more than half of all U.S. deposits and which employ over one million people in the United States, and more than two million people worldwide. The Clearing House Association L.L.C. is a nonpartisan advocacy organization that represents the interests of its owner banks by promoting and developing policies to support a safe, sound and competitive banking system that serves customers and communities. Its affiliate, The Clearing House Payments Company L.L.C., which is regulated as a systemically important financial market utility, owns and operates payments technology infrastructure that provides safe and efficient payment, clearing and settlement services to financial institutions, and leads innovation and thought leadership activities for the next generation of payments. It clears almost \$2 trillion each day, representing nearly half of all automated clearing-house, funds transfer and check-image payments made in the United States. See The Clearing House’s web page at www.theclearinghouse.org.