

# SENIOR SUPERVISORS GROUP

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## Senior Supervisors Group Issues Report on Risk Appetite Frameworks and IT Infrastructure

December 23, 2010

NEW YORK – Senior financial supervisors from ten countries – collectively, the Senior Supervisors Group (SSG) today issued a report that evaluates how financial institutions have progressed in developing formal risk appetite frameworks and in building out highly developed IT infrastructures and firmwide data aggregation capabilities.

The report – *Observations on Developments in Risk Appetite Frameworks and IT Infrastructures* – concludes that while firms have made progress in developing risk appetite frameworks and have begun multiyear projects to improve IT infrastructure, considerably more work must be done to strengthen these practices. In particular, the aggregation of risk data remains a challenge, despite its criticality to strategic planning, decision making, and risk management.

The observations and conclusions in the report reflect the findings of initiatives undertaken by two SSG working groups. The risk appetite working group conducted a series of interviews with boards of directors and senior management of global financial institutions to gauge progress in risk appetite frameworks, while the working group that focused on IT infrastructure based its views on observations from a number of existing supervisory efforts.

This report represents a joint effort on the part of twelve supervisory agencies: the Canadian Office of the Superintendent of Financial Institutions, the French Prudential Control Authority, the German Federal Financial Supervisory Authority, the Bank of Italy, the Japanese Financial Services Agency, the Netherlands Bank, the Bank of Spain, the Swiss Financial Market Supervisory Authority, the U.K. Financial Services Authority, and, in the United States, the Office of the Comptroller of the Currency, the Securities and Exchange Commission, and the Federal Reserve.

These initiatives were conducted to support the priorities of the Financial Stability Board, whose mission is to address vulnerabilities in the financial system and to promote global financial stability.

The report is attached below, together with the transmittal letter to the chairman of the Financial Stability Board, which summarizes the report's key observations and conclusions.

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