

**Securities and Exchange Commission Investor Advisory Committee  
Minutes of the Meeting of February 27, 2020**

The Investor Advisory Committee (IAC) met on February 27, 2020, in a public meeting at the headquarters of the Securities and Exchange Commission, 100 F St NE, Washington, DC. The meeting convened at 9:30 a.m. ET and was broadcast live by webcast. The webcast archive can be found on the IAC web page at [https://www.sec.gov/video/webcast-archive-player.shtml?document\\_id=investor-advisory-committee-022720](https://www.sec.gov/video/webcast-archive-player.shtml?document_id=investor-advisory-committee-022720).

The following persons participated in the meeting:

**Commissioners of the Securities and Exchange Commission**

Commissioner Allison Lee  
Commissioner Elad Roisman

**Members of the IAC**

Anne Sheehan (Chair)  
Elisse Walter (Vice Chair) (by telephone)  
Craig Goettsch (Secretary)  
Allison Bennington (by telephone)  
John Coates  
Rick Fleming  
Stephen Holmes (by telephone)  
Paul Mahoney  
Jennifer Marietta-Westberg  
Mina Nguyen  
Barbara Roper  
Damon Silvers (by telephone)  
Jerome Solomon  
Heidi Stam  
J.W. Verret

**Opening**

Chair Sheehan called the meeting to order at 9:30 a.m. ET. Chair Sheehan asked for welcome remarks from Commissioner Lee.

**Welcome Remarks**

Commissioner Lee provided remarks on the topics on the IAC's meeting agenda. Mr. Fleming provided remarks commending the service of the staff of the Securities and Exchange Commission to the IAC with which Chair Sheehan concurred.

## **Panel Discussion Regarding an Update For Investors on Accounting and Auditing Trends**

Chair Sheehan asked Mr. Coates to introduce the panelists presenting an update for investors on accounting and auditing trends. Mr. Coates introduced each panelist followed by remarks from each panelist in the order listed below:

- James Kroeker, Vice Chairman, Financial Accounting Standards Board
- Zach Gast, President, CFRA Research
- Jeffrey Mahoney, General Counsel, Council of Institutional Investors
- Katherine Schipper, Professor, Thomas F. Keller Professor of Business Administration, Duke University's Fuqua School of Business
- Keith Higgins, Chair of the Securities and Governance Practice, Ropes & Gray LLP
- Andrew G. McMaster Jr., Former Chairman of the Financial Accounting Standards Advisory Council, and Retired Deputy CEO and Vice Chairman of Deloitte & Touche LLP

Mr. Kroeker provided a high-level overview of the Financial Accounting Standards Board, highlighted key accounting standards adopted by the Financial Accounting Standards Board, and discussed the importance of investor input to the work of the Financial Accounting Standards Board. Mr. Gast presented remarks on accounting, auditing, and financial reporting. He also introduced his firm to those who were not familiar with CFRA. Mr. Mahoney provided a summary of the Council of Institutional Investors and a review of the initial reporting of critical audit matters (CAMs). Ms. Schipper remarked upon auditor materiality judgments and upon management's responses to proposed audit investments. Mr. Higgins spoke about audit committees and items on the agenda of the audit committee including non-GAAP performance measures. Mr. McMaster addressed changes in audit committees and the impact of the Public Company Accounting Oversight Board (PCAOB).

A discussion between panelists and Committee members followed.

## **Recess**

The Committee went into a non-public administrative session at 11:38 a.m.

Chair Sheehan called the afternoon session to order and asked Mr. Solomon to introduce the panelists for the afternoon session.

## **Panel Discussion on Potential Impact of LIBOR Transition on Investors**

Mr. Solomon introduced each panelist followed by remarks from each panelist in the order listed below:

- Alex Roever, Managing Director, Head of U.S. Interest Rate Strategy, J.P. Morgan Securities LLC
- David Bowman, Senior Associate Director, Board of Governance of the Federal Reserve System

- Richard Berner, Clinical Professor of Management Practice and Co-Director of the Stern Volatility and Risk Institute, Leonard N. Stern School of Business, New York University
- Jon M. DeBord, Director & Associate General Counsel, Citi
- Urban J. Jermann, Safra Professor of International Finance and Capital Markets, Wharton School of the University of Pennsylvania

Mr. Roever addressed the progress made in establishing an overnight financing rate as the key benchmark for institutional fixed income markets, and he described two sets of risk as the LIBOR sunset approaches and ways to mitigate those risks. Mr. Bowman began by acknowledging the efforts of the United Kingdom Financial Conduct Authority to facilitate the transition to a new benchmark as the LIBOR sunset approached. Mr. Bowman then spoke about how investors needed to prepare actively, not passively, for the cessation of LIBOR. Mr. Berner noted that public and private officials to the reference rates initiative have begun the work to transition away from LIBOR but their work must be accelerated. Mr. Berner also addressed how investors need to act now to plan for the transition. Mr. DeBord remarked upon the transition away from LIBOR, upon the litigation risks presented in the transition, and upon the challenges and potential issues on the horizon with the transition. Professor Jermann presented the IAC with the macroeconomic perspective of the transition away from LIBOR.

A discussion between panelists and Committee members followed.

### **Approval of Minutes**

Chair Sheehan asked for a motion to approve the minutes of the November 7, 2019 IAC meeting. Mr. Coates moved to approve the minutes that was seconded by Ms. Stam. The minutes were approved without objection.

### **Subcommittee Reports**

Chair Sheehan called upon Mr. Mahoney to report on matters of the Market Structure Subcommittee. Ms. Roper was called upon to deliver the report on matters of the Investor-as-Purchaser Subcommittee. Mr. Coates was called upon to deliver the report on matters of the Investor-as-Owner Subcommittee.

### **Adjournment**

Chair Sheehan adjourned the meeting at 2:39 p.m. ET.