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Companies Should Be Designated as “Systemically Significant” Only in Limited Circumstances

By ICI Strategic Communications

The newly-created [Financial Stability Oversight Council](#) (FSOC) has been tasked with determining which nonbank financial companies are systemically significant and therefore require additional regulatory scrutiny. The FSOC has asked for input regarding the specific criteria and analytical framework it should use in making those designations.

ICI’s view, as conveyed in our [comment letter](#): the FSOC should designate nonbank financial companies for enhanced regulation and supervision only in limited circumstances. We believe the FSOC’s ability to determine that an individual company poses potential risk to the entire U.S. financial system is “an extraordinarily potent legal authority, and one that should be used with great care.”

The FSOC should exercise this authority only when it has determined that a specific company poses significant risks to the financial system and that such risks clearly cannot be adequately addressed through enhancements to existing financial regulation and/or other regulatory authorities provided by the Dodd-Frank Act.

- [Read ICI’s letter.](#)
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