

House Passes Critical Bipartisan Legislation to Make FSOC SIFI Process More Accountable and Transparent

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Washington, DC, April 11, 2018—*Investment Company Institute President and CEO Paul Schott Stevens issued the following statement after the US House of Representatives passed the Financial Stability Oversight Council (FSOC) Improvement Act (H.R. 4061), introduced by Reps. Dennis Ross (R-FL) and John Delaney (D-MD):*

“Today’s vote on H.R. 4061 is a critical step toward providing the FSOC with additional ways to address potential risks to the financial system, while also making the systemically important financial institution (SIFI) process more accountable and transparent. We applaud the bipartisan work of Reps. Dennis Ross (R-FL) and John Delaney (D-MD), and urge passage of this commonsense legislation by the Senate so that it may be signed into law by the president.

“This legislation would enhance the FSOC’s ability to reduce systemic risk and ensure that nonbank SIFI designations are reserved for limited cases when identified risks to financial stability cannot be addressed more effectively by an entity’s primary regulator or action by the entity itself.

“ICI continues to maintain that SIFI designation is inappropriate for registered funds and their managers, because they do not pose the risks that SIFI designation is meant to address. Further, the consequences of SIFI designation—bank-style capital requirements and prudential supervision by the Federal Reserve—are altogether inappropriate in the case of registered funds and their managers and would be harmful to shareholders.”