

ICI's Stevens Calls for Effective Systemic Risk Council (press release)

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Council Would Enlist Expertise, Diverse Views of Core Financial Regulators

Washington, DC, July 23, 2009 - Investment Company Institute President and CEO Paul Schott Stevens, [intestimony](#) before the U.S. Senate Banking Committee, detailed his vision of an effective "Systemic Risk Council" made up of senior federal financial regulators and equipped to look across the U.S. financial system to anticipate and address emerging threats to its stability.

"The ongoing financial crisis has highlighted our vulnerability to systemic risks—hazards that arise from new activities, products, and structures, and that can spread rapidly and cause significant damage to our financial system," said Stevens. "An interagency council with strong authority in a focused area—in this case, monitoring and directing the response to risks that threaten financial stability—can serve the nation well in addressing complex and multi-faceted risks."

Stevens recommended modeling the Systemic Risk Council after the National Security Council. This council would be supported by an executive director appointed by the President and a highly experienced staff to coordinate and direct the government's response to identified risks to financial stability. Stevens served as chief of the NSC staff from 1987 to 1989.

A strong Systemic Risk Council would benefit from the diverse inputs and perspectives of all the core federal financial regulators. Its standing membership would include the Secretary of the Treasury; the Chairmen of the Federal Reserve, Securities and Exchange Commission, Commodity Futures Trading Commission, and Federal Deposit Insurance Corporation; the Comptroller of the Currency, and, if a federal insurance regulator is created, the head of that agency. The Treasury Secretary would chair the council, but all members of the council would serve as equals.

Stevens urged Congress to give the council "clear authority, but over a limited range of issues—only major unaddressed hazards, not day-to-day regulation." Responsibility for addressing risks identified by the Council would lie with the functional regulators, operating for this purpose under the Council's direction.

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