Independent Directors Council
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ICI Welcomes Treasury Report on FSOC SIFI Designation Process

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Washington, DC, November 17, 2017—*ICI President and CEO Paul Schott Stevens today issued the following statement in response to the Department of the Treasury report on the Financial Stability Oversight Council (FSOC) process for designation of systemically important financial institutions (SIFIs):*

> *"We welcome the Treasury Department's report on the FSOC and its process for designating nonbank financial companies as SIFIs. The report correctly concludes that SIFI designation is a 'blunt instrument' and justly prioritizes an activities-based or industrywide focus on addressing any potential systemic risks in nonbank financial institutions.*
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> *"Since 2013, the FSOC has operated under the presumption that systemic risks in asset management might require designation of regulated funds or their managers as SIFIs. Registered funds and their managers have thus labored under the threat that they could be subjected to onerous and ill-suited bank-style regulation. Today's report is an important step in the right direction, calling for changes that will enhance the FSOC's analytical rigor and transparency, paving the way for a more constructive—and appropriate—engagement between nonbank financial institutions and the council. Importantly, the report elevates the role of primary regulators, who are best suited to work with the company under review to mitigate potential risks before imposing the costly burden of SIFI designation.*
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> *"Ultimately, permanent reform of the FSOC and the SIFI designation process requires legislative action. Accordingly, ICI will continue to support efforts to improve this process by statute."*