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Washington, DC; December 4, 2019—Investment Company Institute (ICI) President and CEO Paul Schott Stevens issued the following statement after the Financial Stability Oversight Council (FSOC) adopted revised interpretive guidance concerning treatment of potential systemic risk among nonbank financial companies:

“ICI welcomes the Council’s action. As ICI long advocated, the revised interpretive guidance includes an activities-based approach to addressing risks, as well as measures to help ensure that nonbank financial companies are designated as systemically important financial institutions (SIFIs) only as a last resort. If the FSOC does pursue designation of an individual company, it will do so under a process that is more transparent, accountable, and rigorous.

“The revised guidance also makes the most of the Council’s coordinating power, as it promises to better use the expertise and different perspectives of financial regulators.

“Together, the Council’s reforms will help regulators identify and address areas of potential systemic risk, while strengthening the resiliency of the financial system and US capital markets. These changes build on an approach the FSOC took during the previous administration, when ‘the Council directed staff to undertake a more focused analysis of industrywide products and activities to assess potential risks associated with the asset management industry.’

“The Council’s action also aligns with bipartisan legislation introduced in the Senate and House that would codify improvements to the FSOC nonbank review process. We look forward to working with bill sponsors to move this legislation through Congress.”

For further perspective on the FSOC reforms, see [this commentary](#) by Stevens. For more information on financial stability issues, visit ICI’s [Financial Stability Resource Center](#).