IDC Independent Directors Council

Promoting Excellence in Fund Governance

ICI Applauds House Passage of the Financial CHOICE Act

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Urges Senate to Approve Reforms to Avoid Inappropriate, Bank-Like Regulation of Registered Funds

Washington, DC, June 8, 2017—*Investment Company Institute (ICI) President and CEO Paul Schott Stevens issued the following statement upon passage today by the US House of Representatives of "The Financial CHOICE (Creating Hope and Opportunity for Investors, Consumers, and Entrepreneurs) Act of 2017."*

"Today's vote brings us one step closer to enhancing investment and economic growth by eliminating inappropriate and overly burdensome regulation affecting our capital markets.

"ICI strongly supports removing the power of the Financial Stability Oversight Council (FSOC) to designate non-bank entities as systemically important financial institutions (SIFIs). Left unaddressed, this flawed process could designate registered funds as SIFIs and subject them to regulation by the Federal Reserve—even though regulated stock and bond funds have never caused risks that threaten the US financial system or the broader economy, and the structure, regulation, and operation of these funds make such risks remote. Designation would introduce a wholly inappropriate and unnecessary regime of bank-type regulations that would increase costs and reduce returns for investors, distort the fund marketplace, and compromise the important role that funds play as a source of financing and capital formation in the economy. The CHOICE Act eliminates the threat of these harmful results.

"Other provisions in the bill correct the indiscriminate application of bank-oriented stress-testing requirements to all large 'financial companies.' These changes would further reduce the risk of applying ill-suited measures to registered funds and fund advisers that would increase costs to fund investors without providing any corresponding benefits.

"We urge the US Senate to support these and other important reforms, which will benefit the nation's economy and investors, including 95 million mutual fund investors."