ICI Responds to Financial Stability Board Report

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Washington, DC, January 12, 2017—*Investment Company Institute President and CEO Paul Schott Stevens today issued the following statement in response to the report by the Financial Stability Board (FSB),* Policy Recommendations to Address Structural Vulnerabilities from Asset Management Activities:

> "We are reviewing the report, but we welcome the FSB's confirmation that the International Organization of Securities Commissions (IOSCO) is the correct body to evaluate the recommendations and consider next steps. It is worth noting in this regard that IOSCO is already conducting work in these same areas. IOSCO and capital markets regulators in each jurisdiction are the appropriate bodies to examine any areas of potential risk in our industry and to determine the appropriate regulatory response.
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> "The FSB has made some helpful changes to its recommendations. Nevertheless, we remain troubled that this report continues to perpetuate the FSB's flawed assumptions about liquidity risk management by open end funds, despite detailed economic analysis from ICI in the comment record that calls into question these assumptions.
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> "We remain concerned that the FSB states an intent to return to its prior work on methodologies to identify global systemically important financial institutions (G-SIFIs) outside of the banking and insurance sectors. If the FSB engages in an evidence-based analysis, we believe the FSB will conclude—at a minimum—that there is no basis for considering regulated funds and their managers for possible G-SIFI designation."