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Washington, DC; March 6, 2019—Investment Company Institute (ICI) President and CEO Paul Schott Stevens issued the following statement after today's actions by the Financial Stability Oversight Council (FSOC), which would implement significant changes to the treatment of potential systemic risks among nonbank financial companies:

"We welcome the changes that the Council is proposing in the process for addressing any potential systemic risks among nonbank financial companies. The FSOC has firmly committed to addressing risks through an activities-based approach, and would only consider designating entities as SIFIs as a last resort—as we have long urged. If the FSOC did decide to pursue designation, the proposed changes would make that process more transparent, accountable, and rigorous.

"Today's action is an important step, calling for changes that would 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 proposed changes emphasize the crucial 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.

"This action aligns with legislation introduced by Senators Rounds, Jones, Tillis, and Sinema that would codify improvements to the FSOC process. We look forward to commenting on these developments before the Senate Banking Committee next week."

Stevens is scheduled to testify at a Senate Banking Committee hearing on "Financial Stability Oversight Council Nonbank Designations" on March 14.