

ICI Statement on U.S. Senate Approval of Regulatory Reform Bill

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Washington, DC, May 21, 2010 - *ICI President and CEO Paul Schott Stevens made the following comment on U.S. Senate approval of H.R. 4173, as amended by S. 3217, a bill designed to reform the nation's financial regulatory system:*

"ICI continues to support [efforts to modernize financial services regulation](#) to reflect today's markets and practices. America's mutual funds invest nearly \$12 trillion on behalf of their almost 90 million shareholders, all of whom benefit from a sound, well-regulated financial system.

"Congress deserves credit for tackling the difficult and timely issue of financial regulatory reform. The sweeping legislation that emerges from this process will impact financial services and the financial markets for generations, and it is imperative to get it right.

"We support the broader regulatory reform effort; however, the legislation approved by the U.S. Senate must be improved to address several issues that could adversely impact mutual funds and their investors. Among other things, the bill passed by the Senate could subject mutual funds to unworkable forms of bank-like regulation, in the unlikely event that regulators deem a mutual fund a source of 'systemic risk.' In addition, the bill raises concerns for mutual funds that are creditors of a nonbank financial company undergoing 'orderly liquidation' as outlined in the bill, because the Federal Deposit Insurance Corporation would have discretion to treat similarly situated creditors differently and because financial contracts such as repurchase agreements would not be promptly enforceable.

"We look forward to working with Congress to resolve these and other outstanding concerns."