

ICI: FSOC Proposals Raise Serious Concerns

Washington, DC; July 27, 2023—Today, Investment Company Institute (ICI) President and CEO Eric Pan released the following statement on the Financial Stability Oversight Council's (FSOC) proposals to develop an analytic framework for financial stability risk identification and change the process to designate a non-bank as a systemically important financial institution (SIFI):

"ICI and its members have serious concerns with the proposals that FSOC is advancing under the guise of greater public transparency. Regrettably, the proposals actually would provide less insight into how FSOC will analyze and respond to potential risks to financial stability when compared to today's standards.

"ICI specifically objects to the Council's "de-prioritization" of the current activities-based approach, pursuant to which the Council works with the relevant expert financial regulators to address risks on the broadest possible basis. This and other changes would facilitate FSOC's use of the blunt-force tool of SIFI designation without sufficient supporting analysis or consideration of regulatory alternatives.

"The proposals appear designed to roll back key elements of the guidance FSOC issued in 2019, especially the requirement to conduct a cost-benefit analysis, even though that analysis is legally required. Furthermore, FSOC's decision to advance two separate proposals instead of one also circumvents the Council's process rule, unnecessarily denying the public a full opportunity for notice and comment.

"Above all, FSOC should bear in mind that a disproportionate focus on individual companies is far less effective than addressing risks on a holistic basis when it comes to the U.S.' vibrant financial markets."

Read ICI's [comment letter here](#).
