

## VIDEO

November 22, 2019

# Focus on Funds: Progress for Funds in EU Financial Stability Debate

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## Progress for Funds in EU Financial Stability Debate

Some new developments are emerging in the European Union's long-running debate around the role of funds in financial stability. In the November 22, 2019, edition of *Focus on Funds*, ICI President and CEO Paul Schott Stevens shares insights from his recent engagement with leading policymakers.

### Transcript

**Stephanie Ortbals-Tibbs, ICI director of media relations:** The long-running debate around funds and the financial stability of the capital markets has once again come up—this time in Europe. ICI President and CEO Paul Schott Stevens was over in Europe recently. He shared with me a bit more about the conversation and how ICI is responding on behalf of the industry and investors.

**Paul Schott Stevens, ICI president and CEO:** The debate over financial stability is a very, very important one, and the objective of financial stability is obviously quite valid. As investors, on behalf of 100 million-plus shareholders, we believe in a strong, robust, resilient financial system. We just don't believe that our funds pose the risks that many people are asserting.

**Ortbals-Tibbs:** We certainly have never shied away from this conversation; this is one that we have been immersed in for more than a decade. We've come in again to this conversation—particularly in Europe right now—and you were just there having some discussions and also have raised your voice in other ways in the European debate.

**Stevens:** It was quite interesting to see the perspective. I will say that there are now voices in Europe who've as much as said that our focus on financial stability is correct, but we need [them] to understand that banks and asset managers are very different sectors. So that is an insight that we have been commending to them for quite some time, because it goes with the question of "If there are risks—liquidity risks or others, what do you do about them?"

So that's the real reason underlying our concerns. It's what to do, and what not to do—and what not to do is most important: don't treat us like banks.

**Ortbals-Tibbs:** What else do you see going forward as this conversation continues? Because clearly, it will.

**Stevens:** I mean, I think there's a split in views between the capital market regulators and the bank regulators. I think there is an appetite now to look at data and to do more searching public analysis around these things. Part of our role globally is to bring facts and informed perspectives to the table to help policymakers as they grapple with these issues.

Is the debate behind us? No—I'm not sure it ever really will be. Are we engaging very forcefully in that debate, and positively? I would say yes, and we'll continue to do so.

## **Additional Resources**

- [Focus on Funds: US Liquidity Management Rules Draw Global Interest](#)
- [ICI Viewpoints: Liquidity Risk Management Must Be Done Right](#)
- [ICI Resources on Risk Management Issues](#)
- [Financial Stability Resource Center](#)

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