

VIDEO

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Focus on Funds: Addressing the Question of Systemic Risk in Asset Management

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Addressing the Question of Systemic Risk in Asset Management

In the March 21, 2014, issue of *Focus on Funds*, ICI President and CEO Paul Schott Stevens comments on a significant new regulatory challenge facing funds and their investors.

Transcript

Stephanie Ortvals-Tibbs, Director, ICI Media Relations: Welcome to *Focus on Funds*, the Investment Company Institute's weekly roundup of industry news, ICI activities, and research findings.

Mutual funds and their investors are facing a significant new threat—both U.S. and international regulators are suggesting that asset managers or the funds they offer may well be the next target for additional regulation on the grounds that they pose systemic risk.

These reports have serious analytic flaws and reflect a lack of knowledge of the fund industry. But, they are laying the groundwork for new regulation.

Speaking at ICI's annual regulatory conference, ICI President and CEO Paul Schott Stevens explains why funds and their investors should be so concerned.

Paul Schott Stevens, ICI President and CEO: New costs and new regulations applied selectively, of course, will distort the competitive landscape of our industry, in ways that are both numerous and unpredictable.

And there is no guarantee that extra regulations would stop with the largest funds. In fact, some ideas that bank regulators have floated very recently—like Federal Reserve Governor Jeremy Stein's idea of imposing a redemption fee on all bond funds—would hardly work if they were applied selectively.

Taken together, the consequences of SIFI designation could significantly impair fund investing.

For our economy, they could undermine a key source of financing. For individual Americans, these new regulations could harm severely the single best vehicle for retirement saving and investment.

Stephanie Ortals-Tibbs: Stevens's full comments are posted on the website, along with additional information on this new concern for funds and investors.

In a few weeks, ICI and ICI Global also will file a comment letter responding to the international regulators' consultation on this issue. That's this week in funds. See you next week.

Additional Resources

- [Financial Stability Resource Center](#)
- ["Financial Stability and U.S. Mutual Funds," Speech by ICI President and CEO](#)

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