

VIDEO

January 17, 2014

Focus on Funds: Assessing Funds and Global Systemic Risk

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The January 17, 2014, issue of *Focus on Funds* gives an initial reaction to a consultation issued by the Financial Stability Board (FSB) that considers whether funds and their managers pose risks to the larger financial system, which would require additional regulation.

Video 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.

The discussion around asset management and financial stability continues, with the Financial Stability Board, or FSB—an international regulatory body—issuing a new consultation.

ICI and its global arm have taken a look...and have offered initial reaction.

Karrie McMillan, ICI General Counsel: As the FSB's consultation recognizes, asset managers act as agents on behalf of regulated funds and other clients.

Unlike banks and insurance companies, asset managers do not invest on a principal basis and do not take on balance sheet risk.

A fund's portfolio results—whether positive or negative—belong solely to the fund shareholders, and do not flow through to any other fund, to the asset manager, or to the financial markets at large.

The structure, operations, and regulation of funds and their managers mean that they have not been—and are highly unlikely to be—a source of systemic risk.

Stephanie Ortvals-Tibbs: ICI and ICI Global are preparing a joint response to the FSB consultation, due in early April. We'll report further on this issue around that time.

That's this week in funds. See you next week.

Additional Resources

- [Statement: ICI and ICI Global Respond to Financial Stability Board's Consultation on Global Systemically Important Financial Institutions](#)
- [ICI Comment Letter on OFR Asset Management and Financial Stability Study \(pdf\)](#)
- [Video: ICI's Brian Reid Weighs In on Office of Financial Research Report](#)
- [FSB's Consultative Document: *Assessment Methodologies for Identifying Non-Bank Non-Insurer Global Systemically Important Financial Institutions*](#)

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