

VIDEO

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Focus on Funds: Insights from Industry Leaders

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The May 23, 2014, edition of Focus on Funds reports from ICI's General Membership Meeting on trends drawing the most attention from industry leaders.

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. This week we're reporting from ICI's General Membership Meeting, which began with a fascinating dialogue between the head of ICI, Paul Schott Stevens, and the head of BlackRock, Larry Fink. Among the many topics they touched upon, growing concern that funds might be designated as systemically important financial institutions.

Larry Fink, CEO, BlackRock: We want, and welcome, a conversation with our regulators here in the United States and worldwide to ensure a sounder environment for long-term savers. Unfortunately, in the United States at this moment, we have a new overseer called the FSOC. And there is no transparency ... So you're asking me how to deal with this, I'm not sure because there is no transparency in how the FSOC works. The only thing I know factually is the FSOC leaks information as a committee — they're the leakers — I learn about what goes on via the press. There is no formal communication, in fact we're inhibited — maybe prohibited — to have conversations. But the process today raises a lot of questions.

Stephanie Ortvals-Tibbs: Also at the meeting on the leadership panel, some of the best in the business talked about exactly what's going on in the business right now and what all in the industry need to be thinking about.

Daria Foster, Managing Partner, Lord, Abbett & Co. LLC: Opportunities and challenges are really the same coin just different sides. So the challenges for us are to make sure that we provide intelligently designed products that meet these very needs and communicate to the public in a way that's actually changing all the time. I think the challenge for us is that you have people who still look at printed materials, yet as you look at the younger population — and, also, I think all of us — use web, social media, mobile, so how do we make sure that we're communicating what we do and how we do it in a very thoughtful way

and in a way that people can access it and it's easily available.

Bill Glavin, Chairman and CEO, OppenheimerFunds: For a long time the U.S. was the world's lead regulator: we had the biggest market, we had the most liquid and deepest capital markets and everybody looked to the U.S. to lead in terms of regulation. But a lot of that evaporated in 2008 because if you go outside the U.S., they believe that this was a U.S.-created crisis. So there's a lot more feeling that the US isn't in a position to lead on regulation anymore. And that's emboldened other regulators in Europe and in Asia, some better, some worse. At a minimum, it's more fractured. The global environment and regulatory environment is much more fractured than it had been. And you've got now regulators competing with each other in some respects, saying how can someone create a really good place to domicile funds. Others are putting up barriers that you, frankly, you look at it and you wonder why anybody — if they keep going the way they're going — would want to domicile in Europe and manage funds in Europe.

Stephanie Ortals-Tibbs: That's this week in funds. Next week we'll continue with more highlights from the meeting. See you then.

Additional Resources

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