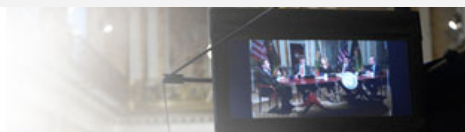


U.S. DEPARTMENT OF THE TREASURY

Press Center



Financial Stability Oversight Council Approves Rule To Designate Nonbank Financial Companies For Enhanced Oversight, Help Prevent Future Financial Crises

4/3/2012

WASHINGTON – The Financial Stability Oversight Council ("the Council") today took another key step toward increasing oversight and addressing risks to U.S. financial stability by issuing the final rule and guidance that details the analysis and process the Council intends to use when determining which nonbank financial companies should be subject to enhanced prudential standards and to supervision by the Board of Governors of the Federal Reserve System. This authority is an important component of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("the Dodd-Frank Act") and is one of a number of tools now available to constrain risk and help prevent future financial crises.

With this vote, the Council will begin a three-stage designations process. Secretary Geithner, the chairperson of the Council, has indicated that the Council will work to make the first of these designations this year.

At its meeting today, the Council approved a final rule and interpretive guidance on the Council's authority to require supervision and regulation of certain nonbank financial companies; a final rule regarding the Freedom of Information Act; and the minutes of the Council's meeting on February 1, 2012.

Final Rule and Interpretive Guidance on the Authority to Require Supervision and Regulation of Certain Nonbank Financial Companies

Section 113 of the Dodd-Frank Act authorizes the Council to require a nonbank financial company to be supervised by the Board of Governors of the Federal Reserve System and be subject to prudential standards if the Council determines that material financial distress at the company—or the nature, scope, size, scale, concentration, interconnectedness, or mix of the activities of the company—could pose a threat to U.S. financial stability.

Using this authority, the Council can subject nonbank financial companies to a system of enhanced prudential standards, requiring them to operate in a manner that poses less risk to the financial system. This authority is critical in helping to protect the financial system from future crises. Before the recent crisis, the largest, most interconnected nonbank financial companies were not subject to the type of regulation and consolidated supervision that applied to bank holding companies.

This rule and guidance are the product of nearly 18 months of public dialogue and cooperation among the Council's members and their agencies and outline a robust process for reviewing nonbank financial companies. The rule and guidance provide companies with necessary clarity regarding the key factors the Council will assess but do not hinder the flexibility necessary for an effective evaluation of risks to the U.S. financial system. An [advance notice of proposed rulemaking \(ANPR\)](#) on determinations regarding nonbank financial companies was approved at the Council's October 2010 meeting. Additionally, the Council approved a [first notice of proposed rulemaking \(NPR\)](#) on nonbank financial company determinations at its January 2011 meeting and a [second NPR](#) at its October 2011 meeting. *The final rule, as approved by the Council today, is available at www.fsoc.gov.*

Final Rule Regarding the Freedom of Information Act

The final rule, as approved by the Council today, is available at www.fsoc.gov.

Minutes from the Council's February 1, 2012, Meeting

The minutes, as approved by the Council today, are available at www.fsoc.gov.

In attendance at the Council meeting were:

- Tim Geithner, Treasury Secretary (Chairperson of the Council);
- Ben Bernanke, Chairman of the Board of Governors of the Federal Reserve System;
- Richard Cordray, Director of the Consumer Financial Protection Bureau;
- Edward DeMarco, Acting Director of the Federal Housing Finance Agency;
- Gary Gensler, Chairman of the Commodity Futures Trading Commission;

- Martin Gruenberg, Acting Chairman of the Federal Deposit Insurance Corporation;
- Debbie Matz, Chairman of the National Credit Union Administration;
- Mary Schapiro, Chairman of the U.S. Securities and Exchange Commission;
- John Walsh, Acting Comptroller of the Currency;
- Roy Woodall, Independent Member with Insurance Expertise;
- John P. Ducrest, Commissioner, Louisiana Office of Financial Institutions (non-voting member);
- John Huff, Director, Missouri Department of Insurance, Financial Institutions, and Professional Registration (non-voting member);
- David Massey, Deputy Securities Administrator, North Carolina Department of the Secretary of State, Securities Division (non-voting member); and
- Michael McRaith, Director of the Federal Insurance Office (non-voting member)

For more information about each member agency's financial reform implementation efforts, please follow the links below.

- [Board of Governors of the Federal Reserve System](#)
- [Commodity Futures Trading Commission](#)
- [Consumer Financial Protection Bureau](#)
- [Federal Deposit Insurance Corporation](#)
- [Federal Housing Finance Agency](#)
- [National Credit Union Administration](#)
- [Office of the Comptroller of the Currency](#)
- [Securities and Exchange Commission](#)
- **[Treasury Department](#)**

[Nonbank Financial Company Designations Final Rule and Interpretive Guidance Fact Sheet](#) 

###