

## U.S. DEPARTMENT OF THE TREASURY

## Press Center



## Financial Stability Oversight Council Announces Changes to Nonbank Designations Process

2/4/2015

### *New and Formalized Practices Increase Transparency and Strengthen Process*

#### *Council Also Votes to Extend Asset Management Comment Period*

**WASHINGTON** – The Financial Stability Oversight Council (Council) today announced that it voted to adopt certain changes and formalize certain practices relating to its process for reviewing nonbank financial companies for potential designation. The Council's designation authority under Title I of the Dodd-Frank Wall Street Reform and Consumer Protection Act enables the Council to identify and respond to risks that individual nonbank financial companies could pose to U.S. financial stability. Nonbank financial companies that are designated by the Council are subject to consolidated supervision by the Board of Governors of the Federal Reserve System and enhanced prudential standards.


“The changes adopted today represent an important step for the Council that will increase the transparency of our designations process and strengthen the Council overall,” said **Treasury Secretary Jacob J. Lew, Chairperson of the Council**. “The Council has the unique and critical mission of identifying and responding to risks to U.S. financial stability. It is a young organization that, as it grows and matures, must continue to be flexible and adjust its processes as needed to fulfill its mandate.”

The changes adopted today fall into three categories:

- 1) **Engagement with companies under consideration by the Council:** The Council will inform companies earlier when they come under review, and provide additional opportunities for companies and their regulators to engage with the Council and staff, without compromising the Council's ability to conduct its work.
- 2) **Transparency to the broader public regarding the designations process:** The Council will make available to the public more information about its designations work, while continuing to protect sensitive, nonpublic information.
- 3) **Engagement during the Council's annual reevaluations of designations:** These changes create a clearer and more robust process for the Council's annual reviews of its designations. This process will enable more engagement between designated companies and the Council and staff, with ample opportunity for companies to present information and to understand the Council's analysis.

The vote today follows a presentation and discussion of each of the specific proposals at the Council's public meeting in January. Staff of Council member agencies engaged in extensive outreach to stakeholders throughout the fall of 2014 regarding the Council's designations process. Based on that outreach, staff identified changes to the designations process that would enable earlier engagement with companies under review and increase transparency to the public, without compromising the Council's ability to conduct its work and protect confidential company information. These changes will increase the strength of the Council and its designations process.

The Council's new supplemental guidance is effective immediately. In the future, the Council may consider other proposals for changes to the designations process that strengthen the Council's ability to identify and address potential risks to financial stability. For additional information on these changes, see the following documents:

Supplemental Procedures Relating to Nonbank Financial Company Determinations [[LINK](#) 

Frequently Asked Questions on Nonbank Designations (updated February 4, 2015) [[LINK](#)]

In addition to adopting the supplemental procedures described above, the Council voted to extend the deadline on its notice seeking public comment regarding potential risks to U.S. financial stability from asset management products and activities. Members of the public are encouraged to submit comments, and all comments provided to the Council will be available on [www.regulations.gov](http://www.regulations.gov). The deadline, which was extended by 30 days, is now March 25, 2015.

Further information regarding the Council is available at [www.fsoc.gov](http://www.fsoc.gov).

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