Davis Polk

Working Summary of the Financial Stability Oversight Council's January 18, 2011 Proposed Rules on Designation of Systemically Important Nonbank Financial Companies

January 19, 2011 | Client Update

The designation of systemically important nonbank financial companies has generated significant interest from multiple stakeholders about which companies the Financial Stability Oversight Council ("FSOC" or the "Council") should designate, when such designation should happen and what criteria the FSOC should use, particularly in response to the FSOC's October 6, 2010 Advance Notice of Proposed Rulemaking (the "ANPR"). The main takeaway from the January 18, 2011 Notice of Proposed Rulemaking (the "NPR") is that the key regulators, who recently lived through the financial crisis, are reluctant to adopt a formal rule that would limit their discretion to designate nonbank financial companies as systemically important. The actual text of the proposed rule, as opposed to the commentary in the proposal, is notable for the fact that it adds almost no new content to the broad statutory text in the Dodd- Frank Act.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

Annette L. Nazareth
+1 202 962 7075
annette.nazareth@davispolk.com

Margaret E. Tahyar
+1 212 450 4379
margaret.tahyar@davispolk.com

Related materials

Read the full update