



COUNCIL OF
INSTITUTIONAL
INVESTORS

FOR IMMEDIATE RELEASE

Oct. 9, 2008

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COUNCIL OF INSTITUTIONAL INVESTORS' REPORT URGES CAUTION ON FINANCIAL REFORM

Washington, DC—A Council of Institutional Investors' white paper on proposals to revamp the U.S. financial regulatory system urges authorities to take a cautious approach because some of the suggested reforms could weaken critical existing investor protections.

The Council-commissioned paper, *Some Investor Perspectives on Financial Regulation Proposals*, examines—from the viewpoint of investors—concepts such as mutual recognition in securities regulation, integrating securities and futures regulation and single-agency oversight of all financial markets. Much of the analysis in the report focuses on proposals contained in the U.S. Treasury Department's March 2008 *Blueprint for a Modernized Financial Regulatory Structure*. The white paper was written by Lawrence A. Cunningham, professor of law at George Washington University.

The 26-page report is available [here](#) on the Council's Web site.

The global credit crisis has unmasked weaknesses in U.S. regulation of the capital markets and has badly shaken trust in those markets. A careful analysis of the factors that fueled the crisis is required before regulators, lawmakers and market participants consider ways to strengthen financial oversight and restore confidence in our markets. As they evaluate potential reforms, certain principles should be paramount: Oversight must be independent and reliable; disclosures must be timely and meaningful. Above all, investor protection and enforcement of the rules must be vigorous.

"Rebuilding trust in the U.S. financial markets will take time and requires significant changes in our regulatory system," said Joe Dear, chair of the Council of Institutional Investors. "The Council white paper shows that some proposed reforms could have a significant downside for investors. Any regulatory overhaul must not undermine long-standing investor safeguards that have helped make America's financial markets the best in the world."

The Council hopes that the white paper will contribute constructively to the ongoing discussion about financial regulatory reform. "As U.S. leaders and market participants debate how to modernize our financial regulatory system, investor perspectives must be a critical part of the conversation," said Ann Yerger, executive director of the Council.

The Council of Institutional Investors (CII) is a nonprofit association of public, union and corporate pension funds with combined assets that exceed \$3 trillion. Member funds are major long-term shareowners with a duty to protect the retirement assets of millions of American workers. The Council strives to educate its members, policymakers and the public about good corporate governance, shareowner rights and related investment issues, and to advocate on its members' behalf.