NEW FEDERAL RESERVE BOARD AND FINANCIAL STABILITY OVERSIGHT COUNCIL RELEASES FOCUS THE REGULATORY FRAMEWORK FOR SYSTEMICALLY IMPORTANT FINANCIAL INSTITUTIONS

April 17, 2012

To Our Clients and Friends:

Earlier this month, the Financial Stability Oversight Council ("FSOC") and Federal Reserve Board ("FRB") took two important steps toward finalizing the framework for designating systemically important non-bank financial institutions ("SIFIs"). First, on April 2, the FRB supplemented an earlier proposed rule and requested comment on the scope of activities that will be considered "financial"[1] under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act"). A company may only be designated a SIFI if it is predominantly engaged in financial activities. On April 3, the FSOC approved a final rule and interpretive guidance establishing the process and considerations for designating SIFIs.[2]

With these two steps, the FSOC moves closer to designating the first non-bank financial companies as SIFIs, a designation that Secretary Geithner previously stated would occur this year.[3] Over the coming months, we expect the supervisory structure applicable to SIFIs will come into further focus. Certain of the enhanced prudential standards to which SIFIs will be subject, such as the requirement to prepare "living wills," have already been established, but other regulatory requirements and restrictions that will apply to SIFIs remain to be finalized. For example, the FRB's enhanced capital, liquidity, stress testing and other prudential requirements for SIFIs are currently open for public comment.[4] Appendix A to this memo contains a matrix that provides details on the status of the regulatory framework

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1 *77 Fed. Reg. 21,494 (Apr. 10, 2012).*

2 *77 Fed. Reg. 21,637 (Apr. 11, 2012) (to be codified at 12 C.F.R. pt. 1310).*

3 *Timothy Geithner, Sec'y, U.S. Dep't of the Treasury, Remarks on the State of Financial Reform (Feb. 2, 2012), available at http://www.treasury.gov/press-center/press-releases/Pages/tg1408.aspx.*

4 *77 Fed. Reg. 594 (Jan. 5, 2012).*

applicable to SIFIs, and describes those rules that are already finalized, those that are in a proposed stage and those that have yet to be released.

Statutory Background

Title I of the Dodd-Frank Act creates the FSOC and authorizes it to designate non-bank financial companies that it believes could pose a threat to the financial stability of the United States as SIFIs. Title I then subjects such companies to FRB supervision under a set of enhanced prudential standards, which were recently proposed by the FRB. The Dodd-Frank Act requires the FSOC to consider a variety of factors when making SIFI determinations, including a company's capital structure; riskiness; complexity; financial activities; size; and any other risk-related factors that the FSOC deems appropriate.[5]

Section 102 of the Dodd-Frank Act defines non-bank financial companies – those companies potentially subject to SIFI designation – as U.S. or foreign companies "predominantly engaged in financial activities." Under that section, a company is "predominantly engaged in financial activities" if its annual revenues or consolidated assets that are "financial in nature" represent 85 percent or more, respectively, of the company's total gross revenues or total consolidated assets. The Dodd-Frank Act gave the FRB regulatory authority to establish the requirements for determining if a company is "predominantly engaged in financial activities."

The FRB's Supplemental Proposal

On February 11, 2011, the FRB issued a notice of proposed rulemaking that sought to establish the criteria for determining whether a company is "predominantly engaged in financial activities."[6] In the proposal, the FRB interpreted the term "financial activities" to include activities that are financial in nature under section 4(k) of the Bank Holding Company Act ("BHC Act").

Twenty-three comments were filed in response to the FRB's notice. Of particular note, some commenters asserted that the FRB's historical positions regarding the ability of a bank holding company to manage, organize or sponsor mutual funds meant that the investment activities of these funds were not financial activities under section 4(k) of the BHC Act. Specifically, the

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[5] *In a recent speech, FRB Chairman Bernanke called the FSOC's rulemaking "an important step forward in ensuring that systemically critical non-bank financial firms will be subject to strong consolidated supervision and regulation." Ben Bernanke, Chairman, FRB, Speech at the 2012 Federal Reserve Bank of Atlanta Financial Markets Conference: Fostering Financial Stability (Apr. 9, 2012).*

[6] *76 Fed. Reg. 7,731 (Feb. 11, 2011).*

commenters took the view that the FRB's restrictions on a bank holding company's ability to own or control a mutual fund meant that the activities of the fund itself were not financial activities.

The FRB has now determined to amend its earlier proposal apparently in response to these comments (without an explanation for why it took more than 14 months to do so). The FRB's re-proposal addresses whether the conduct of financial activities – in particular, investment activities – that do not comply with the conditions applicable to bank and financial holding companies is financial. Specifically, the FRB's re-proposal seeks to clarify that any activity referenced in section 4(k) of the BHC Act will be considered "financial," without regard to conditions that were imposed on banking organizations that do not define the activity itself.[7] This would include conditions (i) that the FRB imposed to ensure the activity was conducted in a safe and sound manner, (ii) to prevent a banking organization from controlling a commercial firm, or (iii) to comply with other applicable law. Thus, for example, the FRB would deem the activity of issuing or selling instruments representing interests in asset pools (i.e., securitization activities) to be a "financial activity" regardless of the nature of the assets being securitized, even though the FRB permits bank and financial holding companies to engage in securitization activities only with respect to assets permissible for a bank to hold directly.

Similarly, the FRB's re-proposal makes clear that organizing, sponsoring or managing mutual funds is considered a financial activity. The re-proposal also states that the FRB's conditions on the ability of bank holding companies to engage in mutual fund activities, such as the requirement that bank holding companies reduce their ownership interests in funds to less than 25 percent of the equity of a fund within one year of sponsoring the fund, are not part of the FRB's analysis of whether mutual fund activities are financial.

The FRB's re-proposal adopts a similar interpretive position with respect to merchant banking activities, which have been considered financial activities since the enactment of the Gramm-Leach-Bliley Act (the "GLB Act") and must be conducted in accordance with conditions enumerated in the GLB Act and the FRB's Regulation Y. The re-proposal clarifies that many of the Regulation Y requirements do not define the "essential nature" of merchant banking and, thus, will not be considered as part of the financial activities analysis. For example, a company

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[7] *The FRB provides as an appendix to its re-proposal that lists the activities that would be considered financial. Those activities also are listed as Appendix B to this memo. The FRB notes that it may modify, interpret or authorize additional activities on the list in the future.*

that holds shares of a portfolio company for longer than permitted under Regulation Y (typically, ten years) would still be engaged in financial activities for purposes of the re-proposal.[8]

The FRB re-proposal appears to clarify what many observers already believed: namely, that the FRB intends to interpret the term "financial activities" broadly so as to widen the universe of companies that potentially could be designated as SIFIs. The FRB argues that its action is consistent with the purpose and legislative history of Title I of the Dodd-Frank Act, which, according to the FRB, demonstrates that Congress believed that companies "engaged in a broad range of financial activities" would be eligible for SIFI designation.

FSOC Final Rule and Interpretive Guidance on SIFI Designation

The FSOC's final rule and interpretive guidance represents the culmination of a long and sometimes tortured process. On October 1, 2010, the FSOC released an advance notice of proposed rulemaking that included 15 questions designed to solicit public comment regarding the framework for the designation of SIFIs.[9] After receiving comments on its advance notice, the FSOC issued a proposed rule on the SIFI designation process in January 2011.[10] That proposed rule met with significant criticism from the industry and Capitol Hill because the proposed rule lacked both clarity on the criteria for designation and detail on the process for designation of SIFIs.[11]

Apparently taking heed of the comments, the FSOC re-proposed the rule on SIFI designation in October 2011.[12] Among other things, the October re-proposal included a three-stage process for designation of SIFIs. The October proposed rule also included guidance regarding the

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8 *Importantly, the FRB rulemaking does not alter the scope of permissible activities for bank holding companies and financial holding companies under the BHC Act or Regulation Y.*

9 *75 Fed. Reg. 61,653 (Oct. 6, 2010).*

10 *76 Fed. Reg. 4,555 (Jan. 26, 2011).*

11 *For additional discussion of the January proposed rule, see FSOC Issues Proposal on Designation of Systemically Important Firms, Volcker Rule Study and Study on Financial Sector Concentration Limits, Debevoise & Plimpton Client Update (Jan. 28, 2011), available at http://www.debevoise.com/newseventspubs/publications/detail.aspx?id=e1ffc9a1-a0b6-441b-a2f2-244766dcf31f.*

12 *76 Fed. Reg. 64,264 (Oct. 18, 2011). For additional discussion on the October proposed rule, see FSOC Releases Proposed Rule and Guidance on its Process to Designate Non-bank Firms as Systemically Significant,* Debevoise & Plimpton Financial Institutions Report *(Nov. 2011), available at http://www.debevoise.com/newseventspubs/publications/detail.aspx?id=306bbe45-ff2a-4c8f-9aa8-b97a8a3a38fe.*

substantive thresholds that would be used for evaluation by the FSOC. In the final rule, the FSOC made few changes to its October proposed rule and kept intact the three-stage process, which we describe next.

Three-Stage Process

Stage 1: Quantitative Thresholds. During Stage 1, the FSOC will use six categories related to size, interconnectedness, leverage and liquidity risk/maturity mismatch to screen companies. Companies passing this Stage 1 screen will be considered in Stage 2 and possibly Stage 3. Appendix C presents the thresholds graphically for ease of reference.

The first Stage 1 threshold relates to size:

- Asset Size. Financial companies must have $50 billion or more in consolidated assets. The FSOC explains that the $50 billion figure comes from the Dodd-Frank Act, which generally subjects bank holding companies with $50 billion or more in assets to enhanced supervision and regulation.

A financial company meeting the asset size threshold plus one of the following five thresholds would be subject to review during Stage 2:

- Credit Default Swaps Outstanding. The FSOC will apply a threshold of $30 billion in gross notional credit default swaps ("CDS") outstanding for which the financial company is the reference entity. Despite many comments suggesting that this metric was unfair because it is based on third-party decisions to write CDS on a financial company, over which the company has no control, the FSOC kept this metric unchanged from its proposal.
- Derivative Liabilities. The FSOC will use a $3.5 billion derivative liabilities threshold, calculated as the fair value of any derivatives contracts in a negative position. The FSOC acknowledged, as it did in the October proposal, that the threshold would only capture current derivative exposures, and that it would consider establishing a new threshold based on potential future exposures after the Commodity Futures Trading Commission ("CFTC") and Securities and Exchange Commission ("SEC") finalize their rules on swaps and security-based swaps reporting.
- Leverage Ratio. The FSOC will apply a leverage ratio of total consolidated assets to total equity of 15:1. Separate accounts of insurers would not count as consolidated assets for purposes of this test.

- Total Debt Outstanding. The FSOC will apply a threshold of $20 billion in total debt outstanding. This factor replaces the loans or bonds outstanding metric of the October proposed rule. The FSOC states that it will interpret total debt outstanding broadly to include, regardless of maturity, loans (whether secured or unsecured), bonds, repurchase agreements, commercial paper, securities lending arrangements, surplus notes (for insurers) and other forms of indebtedness.

- Short-Term Debt Ratio. The FSOC will use a ratio of short-term debt to total consolidated assets (excluding, as above, separate accounts for insurers) of ten percent. The FSOC states that the above-described broad definition of "total debt outstanding" will be used for purposes of the short-term debt ratio.

For U.S. financial companies, the thresholds will be measured against global assets, liabilities and operations of the company and its subsidiaries. In adopting the final rule, the FSOC has clarified that for non-U.S. financial companies, it will only consider the U.S. assets, liabilities and operations of the company and its subsidiaries.

The FSOC has also clarified that when it applies the thresholds to investment funds, the FSOC may consider the aggregate risk posed by separate funds that are managed by the same adviser, especially if the investments by the funds are highly similar or identical. For purposes of applying the thresholds to asset managers, the FSOC also stated its analysis "will appropriately reflect the distinct nature of assets under management compared to the asset manager's own assets."

As in the October proposed rule, the final rule metrics will be calculated using publicly available data. Therefore, according to the FSOC, interested observers can begin to determine which financial companies are likely to move on to Stage 2. Analysts have already produced lists of these companies based on the October proposed rule. The thresholds generally will consider the most recently available data on a quarterly basis using Generally Accepted Accounting Principles ("GAAP"). The FSOC stated that, every five years, it will review the appropriateness of the thresholds set forth in dollars but that it will not automatically adjust the thresholds for inflation or growth.

As it has before, the FSOC again stated that it intends to apply the Stage 1 thresholds to all types of financial firms, but the FSOC also said that it would consider whether to establish additional metrics or thresholds for hedge funds and private equity firms based on data gathered by newly adopted Form PF. Additionally, the FSOC states that it is considering what threats, if any, may arise from asset management firms in general; the FSOC says that it may develop additional

guidance regarding metrics and thresholds for asset managers. Importantly, the final rule preserves the FSOC's discretion to evaluate a financial company in Stage 2 even if the company did not meet the quantitative thresholds; such a company would be evaluated on "other firm-specific qualitative or quantitative factors."

Stage 2: Six-Category Framework. Firms that cross the Stage 1 thresholds will undergo a comprehensive analysis in Stage 2. The FSOC, in Stage 2, will use publicly available information in addition to information obtained from other financial regulators and information submitted by the company to the FSOC voluntarily. In the adopting release to the final rule, the FSOC specifies that it will not provide notices to firms being evaluated in Stage 2, which means that financial companies will not know whether they are undergoing Stage 2 evaluation by the FSOC. Commenters had sought Stage 2 notices, but to avail.

The Stage 2 analysis will be based on a six-category framework, which was first introduced by the FSOC in the January 2011 proposed rule. The first three factors relate to the potential impact of a company's financial distress on the broader economy, while the remaining three factors address the potential vulnerability of the company to distress:

- Interconnectedness. Interconnectedness is intended to capture the direct or indirect linkages between financial companies that could cause the negative effects of one company's distress to be passed on to another. Interconnectedness will be measured, for example, by exposure of counterparties to the company, the identity and financial strength of counterparties or the amount of CDS outstanding for which a financial company or, as added by the final rule, its parent, is the reference entity.

- Substitutability. Substitutability will capture the extent to which other firms could provide the same financial services as the company being evaluated and at a similar price and quantity if the company left a particular market. For example, it could be measured by company market share, the stability of its market share and the market share of the company and its competitors for products or services that serve a substantially similar function as the primary market under consideration.

- Size. Size will capture the amount of financial services or intermediation that a company provides. The FSOC will measure size by, for example, GAAP-based total consolidated assets or liabilities, off-balance sheet exposures where the company has a risk of loss, and total loan originations.

- Leverage. Leverage captures a company's exposure or risk in relation to its equity capital. Leverage may be measured by the traditional ratio of total assets and debt to equity and, relevant to insurers, the ratio of risk to statutory capital.

- Liquidity Risk and Maturity Mismatch. Liquidity risk measures the risk that a company would not have sufficient funding to satisfy its short-term needs. Maturity mismatch will measure the difference in maturities of a company's assets and liabilities.

- Existing Regulatory Scrutiny. Lastly, the FSOC will consider the extent to which a company is subject to already-existing regulatory scrutiny, such as by state or home-country regulators.

The FSOC notes that it may apply the Stage 2 criteria in the "context of stressed market conditions." The FSOC also states that it will also consider the impact that resolving the company could have on the economy during Stage 2; this factor could either mitigate or aggravate a financial company's likelihood of designation. Based on its Stage 2 analysis, the FSOC will choose which companies will be reviewed in Stage 3.

Stage 3: Company-Involved Review. The FSOC will first notify a company that it is under review during Stage 3. A firm being evaluated in Stage 3 will receive a "Notice of Consideration," which likely will request the company provide information within a certain time frame. The FSOC has said it would give notified firms at least 30 days to respond; commenters had sought a longer minimum period to provide information, but the FSOC did not grant it. Given this, firms that cross the Stage 1 thresholds may wish to begin considering the analyses they would present to seek to avoid SIFI designation. With the possibility of having only 30 days, companies may wish to collect data and arguments in anticipation of a possible FSOC request (rather than embark on such an effort on a truncated schedule).

The FSOC states that the Stage 3 analysis will build on the Stage 2 analysis and will consider information from the company and other regulators. For non-U.S. companies, the FSOC states that it will consult home-country regulators but the FSOC makes clear that it will not be bound by the regulator's views. Stage 3 is intended to assess factors not easily quantifiable but that could mitigate or aggravate the potential that a company could pose a threat to U.S. financial stability, such as the opacity of a company's operations and ease of resolvability.

Designations

As in the October proposed rule, the final rule requires the FSOC to confer and vote, by two-thirds majority, including the FSOC's chairperson, the Secretary of the Treasury, on the proposed designation of a company. A company will be notified if it is designated at least one day before the FSOC publicly announces the designation.

The company will be able to contest a designation in an evidentiary hearing; the final rule clarifies that such hearings will be nonpublic. The FSOC will again vote, by two-thirds majority, including the Secretary of the Treasury, at the evidentiary hearing, to determine whether to issue a final designation.

Designated companies will be reevaluated for their systemic importance annually, and will be notified prior to such evaluations, giving the designated company an opportunity to submit materials to contest the determination. The FSOC stated that in the reconsideration process, it will not perform analyses as in-depth as performed at Stages 2 and 3 of the initial designation, but, instead, will consider any material changes with respect to the designated company or the markets in which the firm operates. Rescissions of determinations will be publicly announced and a written notification of a rescission will be provided to the company.

Confidentiality

The final rule makes clear that all data, information and reports collected from a company and other sources will be kept confidential. Non-publicly available information submitted would not constitute a waiver of privilege under federal or state law. Submissions will be treated in accordance with the FSOC's recently-adopted FOIA rule.[13]

Emergency Exception

The final rule includes the same emergency exception that was included in the October proposed rule. That exception allows the FSOC to forego the notice and procedural requirements if it finds that it is necessary to prevent threats posed by a financial company to U.S. financial stability. Designations under the exception require a two-thirds vote, including the affirmative vote of the Secretary of the Treasury. Companies will be notified within 24 hours of the designation. The financial company may request an evidentiary hearing within ten days of receiving such notice, and the hearing must be held within 15 days of FSOC's receipt of the request. Final determinations will be announced publicly and subject to judicial review.

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The two rulemakings provide some clarity as to which companies may be eligible for SIFI designation and the process for such designation. The level of clarity is somewhat limited, nonetheless, as the FSOC maintains substantial discretion in the designation process.

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[13] *77 Fed. Reg. 21,628 (Apr. 11, 2012) (to be codified at 12 C.F.R. pt. 1301).*

The first designations are expected later this year, and the notices that accompany those designations likely will reveal more about the process and factors that the FSOC uses, which, despite these rulemakings, remain somewhat opaque.

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Appendix A:

Status of Rulemakings of Principal Importance to the SIFI Regulatory Framework

Issue / Provision	No Action	Proposed Rule	Final Rule
TITLE I			
Definition of "Predominantly Engaged in Financial Activities" (§102(b)): Defines what activities a company must be engaged in to be considered a nonbank financial company in the pool of potential SIFI designees. (Re-Proposed: Apr. 2, 2012, after original proposal: Feb. 11, 2011)			
Designation of Nonbank Financial Companies as SIFIs (§113): Enables the FSOC, by a vote of 2/3 of its members, to designate and subject a SIFI to FRB supervision and enhanced prudential standards. (Finalized: Apr. 3, 2012)			
Mitigation of Risks to Financial Stability (§121): Authorizes the FRB to establish regulations to restrict the activities of a SIFI or large BHC that the FRB finds poses a grave threat to U.S. financial stability.			
Assessments for Office of Financial Research ("OFR") and Related Funding (§155): Requires SIFIs (and large BHCs) to pay an annual fee to support the OFR, the FSOC and certain parts of the FDIC. (Proposed: Jan. 3, 2012)			
Reports by and Examinations of SIFIs by the FRB (§161): Authorizes the FRB to require SIFIs and their subsidiaries to submit reports on their financial condition and regulatory compliance.			
Application of FDIC Enforcement Authority to SIFIs (§162): Authorizes the FDIC to impose cease-and-desist orders and exercise other enforcement powers with respect to SIFIs under section 8 of the Federal Deposit Insurance Act.			
Acquisitions (§163): Requires SIFIs and large BHCs to provide notice to the FRB before acquiring control of any company over $10 billion in assets engaged in financial activities.			
Prohibition Against Management Interlocks (§164): Prohibits management officials of SIFIs from serving as a management official for an unaffiliated depository institution.			

= No rulemaking mandated.

Issue / Provision	No Action	Proposed Rule	Final Rule
Living Wills (§165(d)(1)): Requires SIFIs (and large BHCs) to submit resolution plans, or "living wills." (Finalized: Nov. 1, 2011)			■
Credit Exposure Reports (§165(d)(2)): Requires SIFIs (and large BHCs) to submit credit exposure reports. (Proposed: Apr. 22, 2011)		■	
Enhanced Prudential Standards and Early Remediation Requirements for SIFIs and Large BHCs (§165(d)(2), (e), (g), (h), (i), (j)): Establishes enhanced prudential standards applicable to SIFIs and large BHCs.[1] (Proposed: Jan. 5, 2012)		■	
Early Remediation Requirements (§166): Subjects a troubled SIFI to a four-level early remediation regime based on certain triggering events, with the nature of the remedial actions increasing in stringency as the condition of the SIFI deteriorates. (Proposed: Jan. 5, 2012)		■	
Intermediate Holding Companies (§167): Authorizes, but does not mandate, the FRB to require SIFIs (engaged in both financial and non-financial activities) to establish intermediate holding companies ("IHCs") within which all financial activities are conducted. On formation of an IHC, the FRB's supervisory authority generally would extend only to the IHC's financial activities. (Not yet proposed)	■		
Exemptions from SIFI Designation (§170): Permits the FRB, in consultation with the FSOC, to exempt certain classes of nonbank financial companies from SIFI designation. (Not yet proposed)	■		
Leverage and Risk-Based Capital Requirements (Collins Amendment) (§171): Requires that SIFIs be subject to minimum risk-based capital and leverage requirements not less than the generally applicable risk-based capital and leverage capital requirements and not quantitatively lower than the requirements that were in effect for insured depository institutions on July 21, 2010. (Finalized as to BHCs: June 28, 2011; further rulemaking for SIFIs may be necessary)			■

[1] The FRB noted in the proposed rules that it would consider tailoring the enhanced prudential standards to SIFIs, once designated, on an individual basis or by category.

▨ = No rulemaking mandated.

Issue / Provision	No Action	Proposed Rule	Final Rule
FDIC Backup Examination and Enforcement Authority (§172): Gives the FDIC back-up examination and enforcement authority with respect to SIFIs and Large BHCs.			
TITLE II			
Orderly Liquidation Authority ("OLA") (Title II): Allows the FDIC to be appointed receiver of and liquidate a SIFI that poses a significant risk to the financial stability of the United States. (Finalized: July 15, 2011)			
OLA Assessments (§210(o)): Allows the FDIC to impose risk-based assessments on SIFIs if necessary to repay any obligations issued by the FDIC to the Treasury under OLA. Although the FDIC may impose assessments on any financial company with total consolidated assets of $50 billion or more, the FDIC must impose assessments according to a risk-based matrix, meaning that SIFIs likely will be assessed to a greater extent than non-SIFIs. (Not yet proposed)			
TITLE VI			
Volcker Rule (§619): Requires the FRB to subject SIFIs that engage in proprietary trading or investing in or sponsoring hedge funds or private equity funds to additional capital requirements and quantitative limits. The federal banking agencies and SEC have issued a proposed regulation implementing the Volcker Rule but that regulation does not address the limits applicable to SIFIs. (Not yet proposed)			
Volcker Rule Conformance Period (§619): Extends the period during which SIFIs must comply with the Volcker Rule for two years following the SIFI's designation and adds potential extensions of up to an additional eight years for divestiture of illiquid funds. (Finalized: Feb. 14, 2011)			
Concentration Limit (§622): Requires the FRB to issue regulations prohibiting financial companies, including SIFIs, from merging or consolidating with, acquiring all or substantially all of the assets of, or otherwise acquiring control of another financial company if the resulting company's consolidated liabilities would exceed 10 percent of the aggregate consolidated liabilities of all financial companies at the end of the prior calendar year. (Not yet proposed)			

= No rulemaking mandated.

Issue / Provision	No Action	Proposed Rule	Final Rule
TITLE VII			
Conflicts of Interest (§765): Imposes limits on the ability of SIFIs and large BHCs to control derivatives clearing organizations, swap execution facilities or exchanges. (Proposed: Jan. 6, 2011)			
TITLE IX			
Credit Risk Retention (§941): Requires SIFIs and other issuers of securitizations to retain 5% of the credit risk of each securitization unless an exemption is available. (Proposed: Apr. 29, 2011)			

= No rulemaking mandated.

Appendix B: List of Financial Activities

- Lending, exchanging, transferring, investing for others, or safeguarding money and securities.
- Insurance activities.
- Financial, investment, and economic advisory services.
- Securitizing.
- Underwriting, dealing, and market making.
- Extending credit and servicing loans.
- Activities related to extending credit.
- Leasing.
- Operating non-bank depository institutions.
- Trust company functions.
- Financial and investment advisory activities.
- Agency transactional services.
- Investment transactions as principal.
- Management consulting and counseling activities.
- Courier services and printing and selling MICR-encoded items.
- Insurance agency and underwriting.
- Community development activities.
- Money orders, savings bonds, and traveler's cheques
- Data processing.
- Mutual fund advisory services.
- Owning shares of a securities exchange.

- Certification services.
- Providing employment histories.
- Check-cashing and wire-transmission services.
- Postage, vehicle registration, public transportation services.
- Real estate title abstracting.
- Travel agency services.
- Mutual fund activities.
- Merchant banking.
- Lending, safeguarding, exchanging, and investing for others with respect to financial assets other than money and securities.

Appendix C: Stage 1 SIFI Screen