

ICI Supplemental Comment Letter on Regulatory Capital Rule: Large Banking Organizations and Banking Organizations with Significant Trading Activity

ICI has filed two letters in response to the joint notice of proposed rulemaking issued by the Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation (collectively, the Agencies) to amend the capital requirements applicable to certain banking organizations (Proposal). Commonly referred to as the Basel III endgame, the Proposal would implement the final components of the Basel III framework and apply a broader set of capital requirements to more banking organizations, in response to the March 2023 collapse of several regional banks.

The supplemental letter filed by ICI emphasizes that market liquidity and market-making are fundamental to the efficient operation of financial markets. The letter expresses deep concern that the Proposal fails to explore the potentially detrimental consequences to market liquidity and market-making of imposing higher or ill-conceived capital standards on banks, which in turn could harm ICI members and their millions of shareholders. The letter urges the Agencies to consider a re-proposal that contemplates (both qualitatively and quantitively) how to appropriately balance the need for well-capitalized banks with the societal need for banks to be able to undertake, among other things, critical market functions.

Read more in the comment letter.

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