

**To:**

- The Federal Deposit Insurance Corporation (FDIC), 12 CFR Part 324 (RIN 3064-AG23)
- The Board of Governors of the Federal Reserve System, 12 CFR Parts 217, 238, 252 (Docket No. R-1888, RIN 7100-AH21)
- The Office of the Comptroller of the Currency, 12 CFR Part 3 (Docket ID OCC-2026-0034, RIN 1557-AF49)

**From:** A Concerned Member of the Public

**Date:** April 10th, 2026

**Subject: Public Comment on Proposed Rulemaking: Regulatory Capital Rules: Regulatory Capital and Standardized Approach for Risk-Weighted Assets**

### **1. Introduction**

I am writing to express significant concerns regarding the proposed changes to the regulatory capital rules, often referred to as the "Basel III Endgame." While I recognize the stated intention behind relaxing capital standards may be to increase liquidity and lending into the economy, this document will argue that such a benefit is trivial compared to the immense risks it introduces. The financial crises of both 2008 and 2023 demonstrate the devastating impact of bank failures, and these lessons must take precedence over a policy that offers too little, too late, at too great a cost.

### **2. Background**

This comment pertains to the proposed revisions to the standardized approach for calculating risk-weighted assets (RWAs). My focus is on any provisions that could result in an overall decrease in capital requirements. A strong capital base is the first and most critical line of defense against unexpected losses.

### **3. Analysis**

The proposal to lower capital requirements is based on a flawed risk-reward calculation.

- **A Poor Trade-Off: Minimal Gain for Maximum Risk:** The primary justification for easing capital requirements is to free up bank capital, theoretically encouraging more lending and stimulating the economy. However, this argument is shortsighted. Any marginal increase in lending from such a change would likely be too little, too late to have a meaningful impact on the broader economy. This negligible potential upside is vastly outweighed by the catastrophic downside risk of bank irresponsibility. We would be trading a small, uncertain economic gain for the very real and proven danger of systemic instability.

- **Increased Risk of Insolvency:** A reduced capital buffer makes banks more fragile. As recent events show, a sudden shock to asset values or a loss of depositor confidence can be sufficient to render a bank insolvent with stunning speed.
- **Creation of Moral Hazard:** When banks operate with less of their own capital at stake, they are incentivized to take on excessive risk. If these risks succeed, shareholders reap the rewards; if they fail, the prospect of government intervention protects them from the full consequences.

### **Modern Warning: The 2023 Bank Failures**

The collapse of Silicon Valley Bank (SVB) and others in 2023 provides a fresh and urgent warning. These failures were not caused by a lack of lending, but by a fundamental failure to manage risk. The crisis demonstrated that significant vulnerabilities still exist within the banking system *even with current capital rules*. The subsequent government intervention to insure all deposits to prevent a chain reaction across the regional banking sector shows that the cost of a single major failure can instantly erase years of any marginal economic benefit derived from looser standards. This is a clear signal that now is the time to reinforce bank resilience, not to contemplate weakening it.

### **Historical Precedent: The 2008 Financial Crisis**

The 2008 crisis remains the ultimate case study. Major financial institutions' thin capital buffers were insufficient to absorb losses, necessitating a government intervention measured in the trillions of dollars and plunging the world into a severe recession. The economic damage from that crisis far exceeded any benefits that were gained from the lax regulations that preceded it.

## **4. Recommendations**

1. **Reject the Flawed Premise:** The agencies should formally reject the argument that a minor potential increase in lending justifies a major increase in systemic risk. The cost-benefit analysis must be weighted towards stability.
2. **Reconsider and Reverse Proposed Capital Reductions:** Any proposal to lower overall capital requirements should be withdrawn. The events of 2023 demonstrate that the current rules may not even be sufficient, let alone excessive.
3. **Prioritize Financial Stability:** The primary goal of capital regulation must be to ensure the long-term stability of the financial system, which is the ultimate foundation of a healthy economy.

## **5. Conclusion**

The proposal to reduce bank capital requirements in the hope of a minor economic stimulus is a dangerous gamble. It ignores the painful and recent lessons of 2008 and 2023. Lowering the buffer that protects our financial system from fiscal irresponsibility increases the risk of bank failures, systemic crises, and taxpayer-funded bailouts. The cost of preventing a crisis is always lower than the cost of cleaning one up. I strongly urge you to abandon this perilous course and maintain robust capital standards that prioritize the safety and stability of the U.S. economy.