Statement of FDIC Vice Chairman Thomas M. Hoenig
on the FDIC Board Approval of an Interagency Final Rule Related to the
Retention of Certain Existing Transition Provisions for Banking Organizations
Not Subject to the Advanced Approaches Capital Rules

I am pleased that the Agencies are finalizing the rule for the regulatory capital transition provisions, or the freezing of the phase-in of certain risk-based capital treatment and deductions under Basel 3. This should provide banks, especially community banks, with a degree of regulatory burden relief while the Agencies consider alternatives for capital simplification. I encourage my fellow regulators to consider a meaningful simplification of the capital rules for all banks with a commercial banking model. Complex regulatory capital requirements are best left for banks with complex business models, such as universal banks and G-SIBs.

In September the Agencies issued a separate but related capital simplifications NPR, titled "Simplifications to the Capital Rule Pursuant to the Economic Growth and Regulatory Paperwork Reduction Act of 1996," based on feedback received from the industry during the EGRPRA process. I strongly encourage industry to submit their comments on this important related rulemaking, especially regarding the option to adopt a measure of tangible equity to assets as the primary measure of regulatory capital rather than risk-based capital.

Capital Simplifications NPR: https://www.fdic.gov/news/board/2017/2017-09-27-notice-dis-b-fr.pdf

Statement on Capital Simplifications NPR: https://www.fdic.gov/news/news/speeches/spsep2717.html