CENTER FOR CAPITAL MARKETS
COMPETITIVENESS

TOM QUAADMAN
VICE PRESIDENT

1615 H STREET, NW
WASHINGTON, DC 20062-2000
(202) 463-5540
tquaadman@uschamber.com

February 25, 2014

Mr. Robert deV. Frierson
Secretary
Board of Governors of the
Federal Reserve
20th Street and Constitution Avenue
Washington, DC 20551

Mr. Robert E. Feldman
Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

Legislative and Regulatory Affairs Division
Office of the Comptroller of the Currency
400 7th Street, SW
Washington, DC 20219

Re: Regulatory Capital Rules: Regulatory Capital, Enhanced Supplementary Leverage Ratio Standards for Certain Bank Holding Companies and their Subsidiary Insured Depository Institutions; 12 CFR Part 6, Docket ID OCC-2013-0008; RIN 1557-AD69; 12 CFR Parts 208 and 217, Regulation H and Q, Docket No. R-1460, RIN 7100-AD; 12 CFR Part 324, RIN 3064-AE01

Dear Messers. deV. Frierson, Feldman, and To Whom It May Concern:

The U.S. Chamber of Commerce ("the Chamber"), the world's largest business federation, represents the interest of more than three million businesses and organizations of every size, sector, and region. The Chamber created the Center for Capital Markets Competitiveness ("CCMC") to promote a modern and effective regulatory structure for the capital markets to fully function in a 21st century economy.

The CCMC previously submitted comments on *Regulatory Capital Rules: Regulatory Capital, Enhanced Supplementary Leverage Ratio Standards for Certain Bank Holding Companies and their Subsidiary Insured Depository Institutions* ("proposed leverage ratio rules") as proposed by the Board of Governors of the Federal Reserve ("Federal Reserve"), Federal Deposit Insurance Corporation ("FDIC"), Securities and

Exchange Commission ("SEC"), and the Office of the Comptroller of the Currency ("OCC") (also collectively "the regulators").[1]

Along with our many substantive concerns, the CCMC comments on the proposed leverage ratio rules expressed concern about the process associated with these proposals. Specifically, we noted that the proposed leverage ratio rules could have wide ranging economic impacts and that the proposals failed to provide a cost-benefit analysis. Without a cost-benefit analysis, the proposed leverage ratio rules do not allow commenters to understand the economic impacts of the rules and standards under consideration. These procedural irregularities impaired the ability of commenters to provide the regulators with informed comments on the proposed leverage ratio rules. We write today to further explain these procedural concerns associated with the absence of a cost-benefit analysis in these proposed rules.

The absence of cost-benefit analysis for the proposed leverage ratio rules is inconsistent with the obligations of the Federal Reserve, FDIC, and OCC under the Riegle Community Development and Regulatory Improvement Act (Riegle Act, 12 U.S.C. §4802(a)). This law applies to all "Federal banking agencies" defined by cross-reference in Section 4801 of the Riegle Act (12 U.S.C. §1813) to include the OCC, FDIC, and Federal Reserve. The Riegle Act mandates that "[i]n determining the effective date and administrative compliance requirements for new regulations that impose additional reporting, disclosure, or other requirements on insured depository institutions, each Federal banking agency shall consider, consistent with the principles of safety and soundness and the public interest (1) any administrative burdens that such regulations would place on depository institutions, including small depository institutions and customers of depository institutions; and (2) the benefits of such regulations." [2]

The Federal banking agencies covered by the Riegle Act must meet these commitments whether or not they are raised by commenters in the course of a rulemaking because they are statutory requirements for their exercise of rulemaking

[1] *See* September 23, 2013 CCMC Comment letter to the regulators.
[2] 12 U.S.C. §4802(a) (emphasis added).

authority by the relevant agencies that impose "additional reporting, disclosure, or other requirements on insured depository institutions." There can be no question that the proposed leverage ratio rules impose such additional obligations on insured depository institutions for purposes of the Riegle Act. As an organization representing both depository institutions and their customers, the CCMC has an interest in ensuring that regulators honor their obligations under the Riegle Act. We note that these requirements also apply to many of other regulations associated with implementation of the Dodd-Frank Act by the Federal Reserve and other Federal banking agencies, and not just the proposed rule cited in this letter. To date, however, we have not seen the required cost-benefit analysis for the proposed leverage ratio rules.

We welcome the opportunity to discuss the cost-benefit analysis obligations of the Federal Reserve and other Federal banking agencies under the Riegle Act in relation to the proposed leverage ratio rules and other pending and recently completed rulemakings by Federal banking agencies.

Sincerely,

Tom Quaadman