From: Per Kurowski [mailto:perkurowski@gmail.com]
Sent: Thursday, June 14, 2012 6:08 PM
To: regs.comments@occ.treas.gov; Comments
Subject: Regulatory Capital Rules: Advanced Approaches Riskbased Capital Rule; Market Risk Capital Rule - OCC-2012-0010

I refer to a 200 page document where the Department of the Treasury, The Federal Reserve System, and the Federal Deposit Insurance Corporation ask for opinions on a document referring to: RIN 3064-D97: Regulatory Capital Rules: Advanced Approaches Risk-based Capital Rule; Market Risk Capital Rule

Here is my plea:

US bank regulators, please don't salt an already too salted soup!

If regulators are going to regulate based on perceived risks, and consequently establish risk-weights, they need to be absolutely certain that those risks have not been already cleared for, since otherwise they will of course only be introducing dangerous distortions.

Since bank loans and investments are already by means of interest rates, amounts of exposure and other contractual terms, risk-weighted for perceived risks it is therefore hard to understand what risk-weights are added in with the proposal, so as to come up with a correct net risk weight.

From what we see the current proposal will only increase the possibilities that banks overdose on perceived risks, for no good purpose at all.

Current regulations caused a crisis that can best be explained in terms of obese bank exposures to what was ex ante perceived as absolutely not risky, and that ex post turned out to be very risky; and anorexic bank exposures to what is perceived as risky, like small business and entrepreneurs, which makes it a crisis so hard to get out of.

In cooking terms, you are proposing to put salt in the soup with no consideration to how much salt was put in by the chef… It can, and most probably will, turn into a nasty salty dish. In this context do not forget that Mark Twain, with his "a banker lend you the umbrella when the sun shines and wants it back when it looks like is going to rain" already hinted the chefs salted too much.

And so friends, do yourself and us a big favor. Before digging us deeper in the hole, ask the proponents of the new rules, what risks are they covering for that the banks are not already covering for. I expect that when you hear their answers you will determine that the safest route is to get rid of capital-requirement-determining risk-weights altogether.

Also, I see that the regulators put a lot of trust in the bankers own risk models. That is nice, quite decent of them, but is it not really their role to prepare for when the bankers get their risk models wrong?

Also, frankly, banking is something that should be accessible to the public, but here you are asking the public to comment on formulas that seem designed to launch a space ship to Jupiter, and that is just not right.Is this a public consultation on something you yourself don´t understand?

Finally, in the "land of the brave" how can you discriminate so much against the "risky"? Don´t you know about the risk-taking it took to get you here? Do you really think the West was won with capital requirements for banks which discriminated against risk-taking?

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