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**- 12 CFR Part 324: RIN 3064-AE01
- Regulatory Capital Rules: Regulatory Capital, Enhanced Supplementary
Leverage Ratio Standards for Certain Bank Holding Companies and Their
Subsidiary Insured Depository Institutions**

Dear Sir.

Thank you for giving us the opportunity to comment on your notice of proposed rulemaking: Regulatory Capital Rules: Regulatory Capital, Enhanced Supplementary Leverage Ratio Standards for Certain Bank Holding Companies and Their Subsidiary Insured Depository Institutions.

You are proposing rules that would strengthen the leverage ratio standards for large, interconnected U.S. banking organizations. The proposals would apply to any U.S. bank holding company (BHC) with at least \$700 billion in total consolidated assets or at least \$10 trillion in assets under custody (covered BHC) and any insured depository institution (IDI) subsidiary of these BHCs. In the revised capital approaches adopted in July 2013, you established a minimum supplementary leverage ratio of 3 percent (SLR), consistent with the minimum leverage ratio adopted by the BCBS, for banking organizations subject to the advanced approaches risk-based capital rules. You are now proposing to establish a “well capitalized” threshold of 6 percent for the supplementary leverage ratio for any IDI that is a subsidiary of a covered BHC, under the prompt corrective action framework. You also propose to establish a new leverage buffer for covered BHCs above the minimum SLR requirement of 3 percent (LB). A covered BHC that maintains an LB of tier 1 capital in an amount greater than 2 percent of its total leverage exposure would not be subject to limitations on distributions and discretionary bonus payments.

I support your proposals to strengthen the leverage ratio standards for large, interconnected U.S. banking organizations. This is a proactive and beneficial approach that will: increase the financial strength and financial stability of large U.S. banks; improve confidence in the U.S.

banking system and financial markets; reduce the likelihood of resolutions of large U.S. banks; and reduce systemic risk. I appreciate that these proposals will promote capital raising in large U.S. banks, but this is appropriate and reasonable given current economic circumstances and the proposed 2018 effective date.

In answer to some of your specific questions, under question 6 I would suggest that a strengthened leverage ratio requirement would enhance the competitive position of U.S. banking organizations relative to foreign banking organizations by improving the relative stability and financial strength of the U.S. banking system. Further, in answer to question 8 I would argue that if covered BHCs were better capitalized as a group, this would improve their ability to provide credit during periods of economic stress. Both of these results will improve confidence in the U.S. banking system, which will act to lower the long-term cost of capital within the system.

I would caution on some of the wording in the commentary on the proposed rules, particularly wording that suggest that the proposals are intended to counter the perception that some companies remain too big to fail.¹ The proposals are reasonable and you have the authority to set regulatory capital standards without referring to unreferenced perceptions.

Yours faithfully

C.R.B.

Chris Barnard

¹ See Section I. Background: "A perception continues to exist that some companies remain 'too big to fail', posing an ongoing threat to the financial system."