

Public Comments on Regulatory Capital Rules: Regulatory Capital, Proposed Revisions to the Supplementary Leverage Ratio

Title: Regulatory Capital Rules: Regulatory Capital, Proposed Revisions to the Supplementary Leverage Ratio

FR Document Number: 2014-09357

RIN: 3064-AE12

Publish Date: 5/1/2014 12:00:00 AM

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Comment: I support the Basel Committee and the Federal agencies for including a measure of exposure to credit derivatives. Its inclusion in the leverage ratio will draw the attention of management and stakeholders to these off balance sheet potential liabilities.

I recommend that you take a closer look at purchased credit derivatives on the same reference entity as the sold credit derivatives. Offsetting of purchased credit derivatives against sold credit derivatives should only be allowed if (1) the writer of the purchased credit derivative has a very high credit rating and (2) the writer of the purchased credit derivatives is not affiliated with the reference entity.

The opinion expressed is my own and not that of Brooklyn College

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