

**From:** isomorphisms  
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You have several arbitrary parameters (95th percentile, 75 bp, 90% of highest rate, \$1bn aum) in your new rule. Why not allow small banks to charge an extra 150bp? 550bp?

This is an inch of progress when what's needed is a mile. At least you're doing something to help the little guy, right?

No team, and especially no team that will ever be assembled in reality on Planet Earth, can regulate >\$100bn banks. Extra-large banks broke human society, with incalculable costs. The costs to Americans (and everyone else) of putting a hard stop on bank size, by contrast, are calculable---it's a matter of basis points.

If bankers and executives of very large firms previously had the right to do whatever they want, they no longer have it. The FDIC should take much, much more aggressive action against large banks than a 75-bp nudge.

As things stand, the Basel committee believes that "systemic risk" caused the FC08. They also cannot define "systemic risk". No academic paper adequately defines systemic risk. The BIS is not posting whitepapers that define systemic risk---actually just the opposite, they're still talking about DGE. (This makes sense when you consider that the only people who are qualified to give speeches at BIS, obtained PhD's within a narrowly defined ideology, which --- in the words of Marc Seidel, "do not even have the language to describe" what systemic risk is.) Basel will \*never\* define systemic risk, because nobody is working on it.

Large banks, which exist to make money, ruined the world. The FCIC is under no obligation to play nice with them. Tilting the table slightly in favour of <\$1bn banks is nothing compared to the many kinds of power that >\$100bn balance sheet implies. Regulators (understandably) cannot know, measure, or define precisely what each and every problem that that much consolidation of power can cause. Nor should you be expected to. Big is a problem for many reasons which no-one could possibly foresee with clarity.

The United States has long supported free enterprise---it's arguably part of American morality and ethics. That longstanding commitment to free enterprise shouldn't be construed as letting those who have it all already, get even more. Again in ways that aren't captured by Sherman Anti-trust concepts such as SNPP, oligopoly is bad.

Don't appease. Don't tiptoe around the big boys. Throw them to the ground and smash them to splinters. The USA did just fine when the largest bank was \$4bn aum. People will be able to cope with limited consolidation and sleepy regionalism again. As far as whether it's 100bp, 130%, 75bp, who cares?