CSBS SINCE 1902
CONFERENCE OF STATE BANK SUPERVISORS

April 30, 2018

Ann E. Misback, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551
Docket No. R-1604; RIN 7100 AF-03

Office of the Comptroller of the Currency ("OCC")
Legislative and Regulatory Activities Division
400 7th Street, SW, Suite 3E-218
Washington, DC 20219
Docket ID OCC-2018-0002

Re: *Request for Extension of Public Comment Period on the Notice of Proposed Rulemaking Relating to the Recalibration of the Regulatory Capital, Enhanced Supplementary Leverage Ratio Standards for G-SIBs and their Subsidiary IDIs.*

Dear Sir or Madam,

The Conference of State Bank Supervisors ("CSBS")[1] respectfully requests that the Federal Reserve Board (the "Board") and the Office of Comptroller of the Currency (the "OCC") (collectively, the "Agencies") extend by 30 days from May 21 to June 20 the deadline for the comment period on the Notice of Proposed Rulemaking titled "Regulatory Capital Rules: Regulatory Capital, Enhanced Supplementary Leverage Ratio Standards for U.S. Global Systemically Important Bank Holding Companies and Certain of Their Subsidiary Insured Depository Institutions; Total Loss-Absorbing Capacity Requirements for U.S. Global Systemically Important Bank Holding Companies" (the "proposed rule").[2]

In recalibrating the enhanced supplementary leverage ratio (the "eSLR") standards for the most systemically important banking organizations in the country, the proposed rule would reduce minimum Tier 1 capital requirements by $9 billion for global systemically important bank holding companies ("G-SIB BHCs") and $122 billion for their insured depository institution subsidiaries ("G-SIB IDIs"), which represents 1 percent and 17 percent of the amount of Tier 1 capital held by G-SIB BHCs and IDIs as of third quarter 2017, respectively. To put this in context, the Federal Deposit Insurance Fund had a balance of only $93 billion as of the end of 2017. Accordingly, CSBS believes that the systemic significance of

[1] CSBS is the nationwide organization of state banking and financial regulators from all 50 states, American Samoa, the District of Columbia, Guam, Puerto Rico, and the U.S. Virgin Islands. CSBS supports the state banking agencies by serving as a forum for policy and supervisory process development, by facilitating regulatory coordination on a state-to-state and state-to-federal basis, and by facilitating state implementation of policy through training, educational programs, and exam resource development.
[2] *See* 83 Fed. Reg. 17317 (Apr. 19, 2018).

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the proposed rule should compel the Agencies to provide more time to enable thorough deliberation and consideration of the impact of the proposed revisions to regulatory capital requirements.

Additionally, as currently drafted, it is unclear how the revisions contained in the proposed rule would interact with the notice of proposed rulemaking recently issued by the Board to integrate the Board's capital rule with the supervisory post-stress capital assessment conducted as part of the Board's annual Comprehensive Capital Analysis and Review (the "Stress Buffer proposed rule").[3] The eSLR proposed rule would revise provisions in Regulation Q (12 CFR Part 217) to recalibrate the level at which the leverage buffer must be maintained to avoid limitations on capital distributions and discretionary bonus payments, but the Stress Buffer proposed rule would limit the application of these same provisions and strike the leverage buffer requirement altogether.[4] Accordingly, to enable stakeholders to understand how these significant capital reforms will be reconciled, the Agencies should consider re-issuing the proposed rule as a supplemental notice of proposed rulemaking to the Stress Buffer proposed rule together with extending the comment period deadline for the eSLR proposed rule.

In light of the systemic nature of the proposed rule and the complexities inherent in its interaction with other proposed and existing regulatory capital requirements, CSBS respectfully requests that the Agencies provide, at minimum, a 30-day extension of the deadline to submit comments on the proposed rule.

Sincerely,

John Ryan
President & CEO

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[3] *See* 83 Fed. Reg. 18160 (Apr. 25, 2018).

[4] *Compare* 83 Fed. Reg. 17317, 17325 (Apr. 19, 2018) (revising Section 217.11, paragraphs (a)(4)(ii) and (a)(4)(iii)(B) and Table 2) *with* 83 Fed. Reg. 18160, 18176-18180 (Apr. 25, 2018) (striking and revising Section 217.11 in its entirety). In light of this conflict, depending on the effective date of the proposed rule (a matter not made clear by the proposed rule), it will either be superseded by or supersede the revisions in the Stress Buffer proposed rule, an outcome which the Agencies surely did not intend.