

**Meeting Between Governor Kugler and Staff of the Federal Reserve Board  
and Representatives of the Bank Policy Institute  
February 15, 2024**

**Participants:** Governor Adriana D. Kugler and Kelley O'Mara (Federal Reserve Board)

Greg Baer, John Court, Paige Paridon Pidano, and Francisco Covas (Bank Policy Institute)

**Summary:** Governor Kugler and staff of the Federal Reserve Board met with representatives of the Bank Policy Institute (BPI) to discuss their concerns regarding the agencies' Basel III endgame notice of proposed rulemaking (Basel III endgame proposal) and the agencies' notice of proposed rulemaking on long-term debt requirements (LTD proposal).

Basel III endgame proposal: BPI representatives provided results from BPI's own quantitative impact study of its members estimating that the impact of the Basel III endgame proposal on capital requirements for covered firms would be significantly higher than the Board and other agencies have projected. They also indicated that the proposed operational risk capital requirements have been over-calibrated and would result in operational risk capital far exceeding historical operational risk losses. BPI representatives discussed their views of the benefits and drawbacks of potential alternative approaches to calculating operational risk capital, including those adopted by other jurisdictions. BPI representatives also indicated that imposing standardized risk weights, rather than allowing continued use of models, would disadvantage U.S. firms.

LTD proposal: BPI representatives indicated that the cost estimates put forth by the Board with respect to the LTD proposal are flawed. They also indicated that the framework proposed is not appropriate for covered firms with total assets below \$250 billion and would have significant adverse effects on such firms.