CENTER FOR CAPITAL MARKETS
COMPETITIVENESS

TOM QUAADMAN
VICE PRESIDENT

1615 H STREET, NW
WASHINGTON, DC 20062-2000
(202) 463-5540
tquaadman@uschamber.com

January 30, 2012

Board of Governors
Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

RE: Enhanced Prudential Standards and Early Remediation Requirements for Covered Companies; FR Doc 1438 and RIN 7100-AD-86

The U.S. Chamber of Commerce ("Chamber") is the world's largest business federation representing the interests of over three million companies of every size, sector, and region. The Chamber created the Center for Capital Markets Competitiveness ("CCMC") to promote a modern and effective regulatory structure for the capital markets to fully function in a 21st century economy.

A major goal of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 ("Dodd-Frank Act") is to mitigate the threat to financial stability posed by large bank holding companies and systemically important nonbank financial firms. Accordingly, on January 5, 2012, the Board of Governors of the Federal Reserve System (the "Board") issued a proposed rule to implement enhanced prudential standards and early remediation requirements for these entities, pursuant to Dodd-Frank Act Sections 165 and 166 (the "Proposal"). The Proposal would impact all U.S. bank holding companies with consolidated assets of $50 billion or more and any nonbank financial firms that the Financial Stability Oversight Council designates as systemically important companies ("covered companies"). Comments on the Proposal are due March 31, 2012. The CCMC is concerned that the business community and other stakeholders will not have sufficient time under the current schedule to thoroughly analyze and comment on the Proposal. Therefore, the CCMC requests the Board extend the comment period an additional 60 days, thereby giving interested parties sufficient time in which to provide meaningful and insightful comments to the Board.

The CCMC believes this request is reasonable and appropriate in light of present circumstances. First, the Proposal may have a significant impact on businesses both large and small that are customers and counterparties of large Bank Holding Companies ("BHCs") and Systemically Important Financial Institutions ("SIFIs"). A business' ability to secure financing, raise capital, or obtain other financial services may be impaired if its bank or dealer becomes subject to enhanced requirements for large BHCs and SIFIs. As such, these businesses will have to reach out to their banks and dealers and other financial services providers to determine the likelihood that such firms will be subject to additional regulation and then assess the indirect impact on the business' its own ability to raise capital, obtain financing and other financial services. Such steps will take time, particularly since these businesses are not as conversant with the issues related to the vastness and complexity of the Proposal and will need the additional time to assess and comment on the Proposal.

By giving businesses the additional time, the CCMC believes that the Board will receive more informed comments and gain a different vantage point as to the important impact of the rule on operations and prospects for financing of businesses.

Second, the Proposal is a voluminous rule that seeks to establish numerous diverse and complex requirements and obligations for covered companies. The Proposal would set forth: 1) risk-based capital and leverage requirements; 2) liquidity requirements; 3) stress test requirements; 4) single-counterparty credit limits; 5) risk management and risk committee requirements; 6) debt-to-equity limits; and 7) early remediation requirements. Comprehending these vast and multi-faceted requirements and their impact on covered companies is an arduous task. Interested parties need an adequate amount of time to fully assess the implications of the Proposal. Additionally, the Proposal requests interested parties respond to 95 questions, many of which have multiple subparts. Interested parties will need to conduct thorough analyses to properly answer many of the Board's questions.

Finally, many of the requirements presented by the Proposal would impose new and unfamiliar concepts and practices upon nonbank financial firms covered by the rule. The CCMC maintains that, in the interest of fairness, the Board should extend the comment period to allow entities potentially facing new bank-like regulations—of which they are not accustomed—adequate time to fully comprehend the Proposal and assess the impact on their nonbank business model. For example, Tier 1 capital is not a term or requirement used by nonbank entities, so to determine how capital requirement provisions would apply to nonbank entities and then assessing the resulting impact would require significantly more time.

For these reasons, the CCMC respectfully requests the Board extend the comment period to respond to the Proposal by an additional 60 days. Given the scope and complexity of the Proposal and other Dodd-Frank Act regulations covered companies are assessing and responding to, the CCMC strongly believes that this request is reasonable and appropriate. The requested extension will allow interested parties the proper amount of time to fully examine the Proposal and submit thoughtful and intelligent comments. We thank you for your consideration of our request and would be happy to discuss these issues with the Board.

Sincerely,