June 25, 2018

Legislative and Regulatory Activities Division
Office of the Comptroller of the Currency
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Ann E. Misback
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
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Re: 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; Joint Notice of Proposed Rulemaking; OCC Docket ID OCC-2018-0002; Board Docket No. R-1604; Board RIN 7100 AF-03

Ladies and Gentlemen:

Better Markets[1] appreciates the opportunity to comment on the notice of proposed rulemaking captioned above ("Proposal" or "Release"),[2] issued jointly by the Office of the Comptroller of the Currency ("OCC") and the Board of Governors of the Federal Reserve System ("Board"), regarding revisions to the enhanced supplementary leverage ratio ("eSLR") for top-tier bank holding companies and their subsidiaries.[3]

The Proposal is unwise, as it will weaken the regulatory framework that protects our financial system from instability and crisis, without any empirical basis and without conferring

1 Better Markets is a non-profit, non-partisan, and independent organization founded in the wake of the 2008 financial crisis to promote the public interest in the financial markets, support the financial reform of Wall Street, and make our financial system work for all Americans again. Better Markets works with allies—including many in finance—to promote pro-market, pro-business, and pro-growth policies that help build a stronger, safer financial system, one that protects and promotes Americans' jobs, savings, retirements, and more.

2 83 Fed. Reg. 17317 (Apr. 19, 2018).

3 In this comment letter, we use the term "Agencies" to refer to the Board and the OCC collectively.

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any discernable, countervailing benefits. Absent a reasonable, data-driven basis for the Proposal, including any specific benefits it would confer, the Agencies should withdraw it.

INTRODUCTION AND SUMMARY

The only thing that stands between a failing bank and a taxpayer bailout is the bank's capital cushion. As we saw just ten short years ago, insufficient capital can be catastrophic for the banks, the financial system, the taxpayers, and the entire country. The sheer scale of the bailouts, backstops, and credit facilities provided to the GSIBs during the financial crisis was staggering, totaling over ten trillion dollars, as detailed on the attached Addendum.

Those bailouts were only a part of the costs of the 2008 crash and the massive effort to mitigate the consequences, which we have calculated to exceed $20 trillion in lost GDP.[4] Many of those costs continue today as economic dislocation, distress, and anxiety remain all too familiar at the kitchen tables of tens of millions of Americans who were not bailed out.

While the crash and its devastating consequences had numerous causes, the lack of adequate bank capital was most prominent, and the subsequently enacted capital rules were key reforms designed to prevent the recurrence of such a crisis. The goal was not only to prevent bank failures or a systemic crisis, but also to avoid the human devastation inflicted on so many American families. Those goals must be the prism through which policy decisions about capital are viewed, particularly if those decisions will result in reduced capital levels and, therefore, fewer protections for American families who have already suffered so much.

Notwithstanding this compelling history and context, the Board and the OCC are now proposing to modify the enhanced SLR ("eSLR") for top-tier U.S. bank holding companies identified as global systemically important bank holding companies ("GSIBs"). The Proposal would make similar modifications to the SLR for the insured depository institution subsidiaries ("IDIs") of those GSIBs.

Specifically, for the GSIBs, the proposal would replace the 2% eSLR buffer (which is added to the baseline 3% leverage ratio) with a new, variable amount equal to 50% of the firm's GSIB risk-based capital surcharge. And for the IDI subsidiaries of those GSIBs, the proposal would replace the 6% supplementary leverage ratio (used to determine whether those subsidiaries are deemed "well-capitalized") with a formula comprised of a 3% SLR plus 50% of the GSIB surcharge applicable to the covered subsidiary's GSIB holding company.

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4 Better Markets, The Cost of Crisis, $20 Trillion and Counting (July, 2015), *available at* https://www.bettermarkets.com/sites/default/files/Better%20Markets%20-%20Cost%20of%20the%20Crisis.pdf.

The Proposal is a step in the wrong direction. It will weaken, in at least two respects, the capital buffers that are essential for maintaining the stability of our financial system. First, and according to the analysis in the Release itself, the Proposal will reduce the dollar amount of capital held by our largest banks and their insured depository subsidiaries. In addition, it will alter the formula for calculating the eSLR in a way that makes the capital buffer less reliable and more vulnerable to evasion.

And it does all of this without a clear or credible justification. The Release makes vague assertions that banking organizations have expressed "concerns" regarding the current eSLR standards and their role as "constraints," yet it provides no details let alone robust data or empirical analysis of these claims. In reality, banks—especially the massive GSIBs—require no relief from the capital requirements currently in place, as evidenced by the record-setting prosperity that banks currently enjoy and the exceptionally strong lending markets we see today.[5] Further undercutting the Proposal is the reality that any capital it frees up is unlikely to be devoted to increased lending or to other valuable banking services; instead, it will find its way into the bonus pool or into the pockets of shareholders in the form of dividends or buybacks.

So unwise is the Proposal, in fact, that one of the three principal prudential regulators, the Federal Deposit Insurance Corporation ("FDIC"), took the extraordinary step of declining to join in its issuance. The public statement from FDIC Chairman Martin Gruenberg first observes that the Proposal would reduce the required capital across the lead IDI subsidiaries by $121 billion, then it simply and clearly explains the *im*prudence of the Proposal:

> Given these reductions in capital requirements, the FDIC did not join the Federal Reserve and OCC in issuing the proposed rule. . . . Strengthening leverage capital requirements for the largest, most systemically important banks in the United States was among the most important post-crisis reforms. In April 2014, the [FDIC], OCC, and Federal Reserve jointly finalized a rule that required the eight U.S. GSIBs to satisfy a supplementary leverage ratio capital requirement of 5 percent at

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5 In fact, this data along with other factors, including the current stage of our business cycle, should have caused the Board to consider imposing countercyclical measures and requiring increased capital. As Governor Lael Brainard has cautioned, at a time when cyclical pressures are building, "we should be calling for large banking organizations to safeguard the capital and liquidity buffers they have built over the past few years. . . . Indeed, if cyclical pressures continue to build and financial vulnerabilities broaden, it may become appropriate to **ask the largest banking organizations to build a countercyclical buffer** (CCyB) of capital to maintain an adequate degree of resilience against stress." *See* Lael Brainard, Member of the Board of Governors of the Federal Reserve, Remarks at the Global Finance Forum, Safeguarding Financial Resiliencies Through the Cycle, at 7, 10 (Apr. 19, 2018) (emphasis added), *available at* https://www.federalreserve.gov/newsevents/speech/files/brainard20180419a.pdf.

> the holding company and 6 percent at their insured depository institutions. This simple approach has served well in addressing the excessive leverage that helped deepen the financial crisis.[6]

In short, the Proposal will weaken our financial system and increase the risk or severity of another financial crisis, without conferring meaningful benefits on the public, the markets, or the economy at large.

COMMENTS

1. The proposal will weaken critical safeguards designed to protect the stability of the U.S. financial system.

The Release itself highlights the lessons of the financial crisis of 2008 and the essential role that bank capital plays in protecting and preserving the stability of our financial system:

> The 2007-08 financial crisis demonstrated that robust regulatory capital standards are necessary for the safety and soundness of individual banking institutions, as well as for the banking system as a whole.[7]

As further evidence of the crucial role played by capital buffers in safeguarding our financial system, the Release canvasses the successive layers of protection that the prudential regulators have implemented, including the 2013 capital rule (including the SLR for advanced approaches banking organizations), the 2014 eSLR rule for the largest and most interconnected and complex bank holding companies and their subsidiaries, and the 2015 risk-based capital surcharge rule for the GSIBs.[8] It goes on to highlight the important role that these post-crisis measures collectively play:

> [These reforms] were designed to improve safety and soundness and reduce the probability of failure of banking organizations, as well as to reduce the consequences to the financial system if such a failure were to occur. For large banking organizations in particular, the Board's and the OCC's objective has been to establish requirements at a level that not only promotes resilience at the banking organizations and protects financial stability but also maximizes long-term through-the-cycle credit availability and economic growth.[9]

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6 Statement of Martin J. Gruenberg, Chairman, FDIC, on Notice of Proposed Rulemaking on Supplementary Leverage Ratio by the Federal Reserve and OCC (Apr. 11, 2018), *available at* https://www.fdic.gov/news/news/speeches/spapr1218.pdf.

7 Release, *supra* note 2, at 17319.

8 *Id.* at 17318.

9 *Id.* at 17319.

The Release also highlights the need for a balanced combination of risk-based capital measures and leverage ratios. It explains that while risk-based capital requirements have the virtue of correlating capital requirements with the specific levels of risk undertaken by specific banks, leverage ratios perform a critical back-stopping role by imposing a "simple and transparent lower bound on banking organization leverage."[10]

Unfortunately, the Agencies essentially disregarded these important precepts of post-crisis financial regulation in making the Proposal. The Release concedes that the anticipated impact of the Proposal will be to *reduce* the dollar amount of the capital buffers. For example, the Release estimates that, based on third quarter 2017 data, the Proposal "would reduce the amount of tier 1 capital required across the GSIBs by approximately $400 million."[11] Over time, the capital levels permitted by the Proposal could fall by much greater amounts, by some estimates approaching $100 billion.[12] For the covered IDIs, the Release estimates that, again based on third quarter 2017 data, the reduction would be $121 billion less than the level currently required for the IDIs to be considered "well-capitalized."[13] This represents an average reduction of 20% across the IDIs of the GSIBs.[14] This decrease is significant by any measure, and it is cause for special concern because it threatens the stability of the insured, taxpayer-backed banks, those which should be protected with the most robust capital buffers.

Moreover, the Proposal would effect a fundamental change in the approach to calculating the eSLR by placing greater emphasis on the difficult, subjective, and shifting calculations tied to the risk-based, "multi-factor methodology" applicable under the capital surcharge rule.[15] Thus, in terms of the actual dollar reduction in capital buffers, as well as the methodology, the Proposal will markedly reduce safety and soundness and increase risk to the financial system.

These concerns about decreases in required capital buffers for the largest bank holding companies and their banking subsidiaries deserve special weight because even at current levels, the capital requirements are still inadequate: They cannot ensure financial system stability in the face of stresses like those seen during the financial crisis. As Better Markets has demonstrated,

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10 *Id.* at 17319; *see also* Aaron Klein, Opinion, *Risk Weights or Leverage Ratio? We Need Both*, BROOKINGS (Dec. 22, 2016), https://www.brookings.edu/opinions/risk-weights-or-leverage-ratio-we-need-both/.

11 Release, *supra* note 2, at 17321.

12 *See* Peter Eavis, *Washington Wants to Weaken Bank Rules. Not Every Regulator Agrees*, N.Y. TIMES (Apr. 24, 2018) (positing an $86 billion reduction in required capital at the GSIBs if the Proposal is finalized), https://www.nytimes.com/2018/04/24/business/dealbook/bank-rules-leverage-ratio.html.

13 Release, *supra* note 2, at 17321.

14 *See* Gregg Gelzinis, *Opinion: This Is Not the Time to Loosen Rules on Bank Capital*, MARKETWATCH (May2, 2018), https://www.marketwatch.com/story/this-is-not-the-time-to-loosen-rules-on-bank-capital-2018-05-02.

15 Release, *supra* note 2, at 17318.

empirical evidence measuring the devastating impact of the crisis on just four banks (Washington Mutual, Wachovia, Citigroup, and Bank of America) shows that "banks require equity well in excess of 10 percent of their tangible assets to survive financial crises of the severity" witnessed in 2008. Losses alone can exceed this amount, and to reassure counterparties and account for rapid asset devaluations during a crisis, banks must actually have equity equal to 20-25% of assets to protect against failure.[16] Other analyses conducted by academics, the Financial Stability Board, and the Board itself, which are based on data reflecting actual losses incurred during the financial crisis, all support the conclusion that a capital cushion of at least 20% is appropriate and necessary to protect banks against the ravages of a financial crisis.[17]

Under these circumstances, a robust, factual, detailed, objective, independently confirmed, and data-driven empirical analysis supporting the changes in the Proposal is all the more important. Without such a basis, the Proposal lacks the most rudimentary foundation. That is not only bad policy but also arbitrary and capricious rulemaking.[18]

2. <u>The Proposal lacks transparency and a credible basis.</u>

The Proposal suffers from other important flaws because it lacks a vital measure of transparency and a persuasive rationale. The Release offers the cursory explanation that "over the past few years, banking organizations have raised concerns that in certain cases, the standards in the eSLR rule have generally become a binding constraint rather than a backstop to the risk-based standards."[19] It adds that "banking organizations have stated that the SLR standard as applied at the IDI subsidiary level may create disincentives for firms bound by the eSLR standard to provide certain banking functions, such as secured repo financing, central clearing for market participants, and taking custody deposits."[20]

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16 *See* Comment Letter from Better Markets to the Board *et al.* on Regulatory Capital Rules, RIN 1557-AD46, at 3-5 (Oct. 22, 2012), *available at* https://bettermarkets.com/sites/default/files/documents/FRS%2C%20OCC%2C%20FDIC-%20CL-3nprs-%2010-22-12.pdf.

17 *See* Comment Letter from Better Markets to the Board of Governors of the Federal Reserve System on Total Loss-Absorbing Capacity, Docket No. R-1523 (Feb. 19, 2016), *available at* https://bettermarkets.com/sites/default/files/FRS%20-%20CL%20-%20Total%20Loss-Absorbing%20Capacity%20-%20Long%20Term%20Debt%20and%20Clean%20Holding%20Company%20Requirements%202-19-2016.pdf.

18 Under the Administrative Procedure Act, an agency rule is arbitrary and capricious if the agency "has relied on factors which Congress has not intended it to consider, entirely failed to consider an important aspect of the problem, offered an explanation for its decision that runs counter to the evidence before the agency, or is so implausible that it could not be ascribed to a difference in view or the product of agency expertise." *See Motor Vehicle Mfrs. Ass'n v. State Farm Mut. Auto. Ins. Co.*, 463 U.S. 29, 43 (1983).

19 Release, *supra* note 2, at 17319.

20 *Id.* at 17320.

These skeletal, unsupported, and conjectural "concerns" do not serve as an adequate or appropriate explanation for the material and systemically destabilizing changes in capital requirements set forth in the Proposal. Nowhere does the Release provide any detail regarding the banks who have lodged these "concerns," their empirical basis, or any specific examples. They appear on their face to be ad hoc and purely speculative, since the Release frames the issue solely in terms of negative effects that "may" transpire from continued adherence to the eSLR in its current form. Thus, the Proposal fails to substantiate the existence of any "constraints" or provide any evidence for the highly questionable claim that the current capital requirements are inhibiting those activities in the first place.

Nor *could* such concerns justify the Proposal. Charitably read, they amount to the contention that if the Proposal were adopted and the applicable capital restrictions were relaxed, then banks would actually engage in more lending activity or provide other important banking services. But embedded in this rationale are two false premises: First, that banks and borrowers need more lending, and second, that the Proposal would in fact generate more lending.

As to the first assumption, there is in fact no need to increase lending for the purpose of enabling banks to amass even more wealth or to promote economic growth. The banking sector across the board, and especially at the top tier, is undeniably thriving by every measure—from huge profits and bonuses to full lending portfolios. And the credit needs of the real economy are being fully met. [21]

A review of the data confirms the point and shows that far from stifling bank activity, financial regulation has created the conditions for a sustained period of economic growth and prosperity, just as the banking and securities laws did following the crash of 1929. Many prominent policymakers and market watchers have been highlighting the ever-increasing profits in the financial sector, the presence of healthy liquidity in our markets, and the overall strengths of our economy.

For example, FDIC data from 2017 shows that the financial sector has seen record profits, the rate of loan growth for the industry has exceeded the growth rate of GDP, and loan balances for community banks have been up a robust 7.7 percent year-over-year.[22] The FDIC Chairman

[21] Former FDIC Vice Chairman Thomas Hoenig and former FDIC Chair Sheila Bair recently confirmed that there is no evidence of a shortage of credit: "Surveys of small businesses show that their credit needs are being met; leveraged loans to large companies are up; and the residential real estate market is hot. There may even be too much debt buildup in certain sectors." Thomas M. Hoenig & Sheila C. Bair, Opinion, *Relaxing Bank Capital Requirements Would Risk Another Crisis*, WALL ST. J. (Apr. 26, 2018), https://www.wsj.com/articles/relaxing-bank-capital-requirements-would-risk-another-crisis-1524784371. They also express the fear that the effect of the Proposal would be "to make the financial system less resilient and to make another financial crisis likelier and more severe." *Id.*

[22] Federal Deposit Insurance Corporation, Quarterly Banking Profile: First Quarter 2017, https://www.fdic.gov/bank/analytical/qbp/2017mar/qbp.pdf.

reviewed this data in testimony before the Senate Banking Committee and noted that "annual increases in industry net income have averaged 7.8 percent per year since 2011. FDIC-insured institutions reported a record $171.3 billion in net income in 2016, marking a net increase of 44 percent over the prior five years."[23] The American Banker, a trade publication, also reviewed the evidence and concluded:

> Republicans have repeatedly asserted that the 2010 financial reform law has increased the cost of consumer lending and cut off access to credit. . . . Yet the available data indicates otherwise. Consumer credit has roared back in the six years since Dodd-Frank, with a 46% jump in outstanding consumer credit to $3.8 trillion. . . . [T]he fact remains that mortgage, auto and credit card lending have all gone up since 2010. [Mortgage] lending standards are as loose as they've been since the downturn. . . . Auto lending has been on a tear since the financial crisis . . . . Credit card lending has returned to pre-crisis levels with total lending hitting an all-time high of $996 billion. . . .[24]

Analysts at Bloomberg reached a similar conclusion:

> Lending declined initially after 2008, when the entire banking industry was almost wiped out by the collapse of the U.S. housing market. But it's grown steadily since then, expanding by 6 percent a year since 2013, far faster than the economy. Banks now have a record $9.1 trillion of loans outstanding.[25]

All of these trends from 2017, showing a remarkably robust financial services industry, have continued into 2018.[26] Recent assessments of the state of the banking sector again show that "U.S. bank lending has been healthy over recent years and profits are strong. . . . The current level of capital is a sign of strength."[27] Those assessments have also cautioned that at a minimum, the capital and liquidity framework must be tested through an entire economic cycle before any "judgments" are made about its performance or changes considered.[28] In short, there is no need

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23 Statement of Martin J. Gruenberg, Chairman, Federal Deposit Insurance Corporation, on Fostering Economic Growth: Regulator Perspective before the Committee on Banking, Housing, and Urban Affairs, United States Senate, June 22, 2017, *available at* https://www.fdic.gov/news/news/speeches/spjun2217.pdf.

24 Kate Berry, *Four Myths in the Battle over Dodd-Frank*, AMERICAN BANKER (March 10, 2017), https://www.americanbanker.com/news/four-myths-in-the-battle-over-dodd-frank (emphasis added).

25 Zeke Faux, Yalman Onaran, and Jennifer Surane, *Trump Cites Friends to Say Banks Aren't Making Loans. They Are*, BLOOMBERG, Feb. 4, 2017, https://www.bloomberg.com/news/articles/2017-02-04/trump-cites-friends-to-say-banks-aren-t-making-loans-they-are (emphasis added).

26 *See* Federal Deposit Insurance Corporation, Quarterly Banking Profile: First Quarter 2018, https://www.fdic.gov/bank/analytical/quarterly/2018-vol12-1/fdic-v12n1-4q2017.pdf. Record profits would likely have been achieved again in 2018 but for the anomalous effects of the tax cuts.

27 *See* Lael Brainard, *supra* n. 5, at 6.

28 *Id.*

to liberate banks from the current and relatively modest eSLR requirements, and it is surely unwise to do so at this early stage of implementation.

Other data-driven, academic analysis confirms the point that far from suppressing bank activity, capital requirements actually promote it. The evidence shows that better capitalized banks have higher rates of lending and a lower cost of capital throughout the business cycle. In particular, Morris Goldstein's new book, BANKING'S FINAL EXAM: STRESS TESTING AND BANK-CAPITAL REFORM, undertakes a rigorous review of all the data and analysis, demonstrating that 14% to 18% capital levels for the 8 U.S. G-SIBs (and a sliding scale for smaller banks) would be appropriate with negligible impact on lending. The understated summary of the analysis is worth considering in full:

> At the heart of the banking industry's opposition to much higher capital requirements is the assertion that higher bank capital requirements will depress bank lending and thereby reduce output and employment in the economy. This assertion is increasingly at odds with the empirical evidence – as well as with the appraisals of senior bank supervisors. . . . Better capitalized banks lend more, not less, than weakly capitalized ones. One recent impressive study, which looked at 105 large banks from advanced economies over the 1994-2012 period, finds that after holding other factors constant, a 1%-point increase in the equity to total assets ratio (*i.e.*, the leverage ratio) is associated with a 0.6% increase in total lending growth. With this empirical finding, a key pillar of the case against much higher capital requirements is taken away.[29]

Turning to the second false assumption underlying the Proposal, relaxing the capital standards as proposed in the Release will not actually lead to increased lending to any significant degree. The recent commentary of Former FDIC Vice Chairman Thomas Hoenig and former FDIC Chair Sheila Bair, cited above, addressed the point:

> The idea that lowering bank capital requirements boosts lending is urban legend. Ample research shows that banks with higher capital levels lend more, not less, through business cycles. . . . In fact, the proposals would likely have only a small impact on bank lending. Banks are likely simply to transfer the newly released capital to their parent companies. . . . In our experience, bank holding companies lower their capital to correspond to any new minimum requirement. They distribute the "excess" to shareholders, or use it to subsidize the expansion of their trading and other nonbank activities, rather than to increase commercial lending.[30]

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[29] MORRIS GOLDSTEIN, BANKING'S FINAL EXAM: STRESS TESTING AND BANK-CAPITAL REFORM (2017).

[30] Hoenig and Bair, *supra* note 21.

In fact, this pattern of bank behavior has been garnering headlines. Stock buybacks have been climbing for years, and in mid-2017, when the capital plans of 34 of the leading banks were approved following stress tests, 26 banks immediately announced plans to buy back almost $100 billion in stock (and boost dividends), setting a single day record.[31] The trend continues with yet another high-water mark just announced in the Financial Times:

> Large U.S. banks are poised to hand over more capital to investor than they are generating from their businesses for the first time since the 2008 crisis, lowering their defenses against another catastrophic shock to the financial system. Shareholders in 22 of the country's biggest listed banks are in line for a record haul of $170 billion in dividends and stock buybacks over the coming year.[32]

All of this is money that could have been used not only to protect and preserve a capital buffer against future downturns, but also to increase lending and other socially useful banking activities—including the various services cited in the Proposal as on the wane.

In summary, the Proposal offers neither a clear and credible rationale nor a realistic benefit. And its ultimate effect will be to increase the likelihood and severity of another financial crisis. In light of these gaps in the Proposal and its adverse effects, it should be withdrawn.[33]

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31 Chris Dieterich, *Banks Unleash Record Stock Buyback Plans*, Wall Str. J., June 30, 2017, https://blogs.wsj.com/moneybeat/2017/06/30/banks-unleash-record-stock-buyback-plans/; Christina Rexrode, *Bank Stocks Throw a Dividend Party*, Wall St. J., June 29, 2017, https://blogs.wsj.com/moneybeat/2017/06/29/bank-stocks-throw-a-dividend-party/.

32 Alistair Gray and Ben McLannahan, *US Banks Poised for $170bn in Shareholder Payouts*, FINANCIAL TIMES (June 18, 20018).

33 The Proposal also includes parallel amendments to the total loss-absorbing capacity ("TLAC") standards. It would similarly shift those standards from a fixed 2% SLR-based buffer (on top of the 7.5% TLAC requirement) to one based on the same metric the Proposal would apply to the eSLR: 50% of the firm's GSIB surcharge. Release, *supra* note 2, at 17322. The TLAC requirements represent another important set of reforms designed to address major financial system disruptions by ensuring that a GSIB has sufficient private capital to support the firm's critical operations during bankruptcy or orderly resolution. This aspect of the Proposal is objectionable for essentially the same reasons articulated above with respect to the proposed modifications to the eSLR. *See also* Comment Letter from Better Markets to the Board on TLAC proposals, Docket No. R-1523 (Feb. 19, 2016) (arguing, *inter alia*, that the Board should set *higher* minimum levels of TLAC), *available at* https://bettermarkets.com/sites/default/files/FRS%20-%20CL%20-%20Total%20Loss-Absorbing%20Capacity%20-%20Long%20Term%20Debt%20and%20Clean%20Holding%20Company%20Requirements%202-19-2016.pdf.

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CONCLUSION

We hope these comments are helpful as the OCC and the Board decide whether to implement the Proposal.

Sincerely,

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Addendum

GSIB	TARP Funds	Non-TARP Funds	TARP Mortgage Funds	Total Bailout funds
JP Morgan Chase	$25,000,000	$391,000,000	$2,940,110	$418,940,110
Bank of America	$45,000,000	$1,344,000,000	$2,118,070	$1,391,118,070
Citigroup	$45,000,000	$2,518,000,000	$719,000	$2,563,719,000
Deutsche Bank		$354,000,000		$354,000,000
HSBC		$4,000,000		$4,000,000
Bank of China				$0
Barclays		$868,000,000		$868,000,000
BNP Paribas		$175,000,000		$175,000,000
China Construction Bank				$0
Goldman Sachs	$10,000,000	$814,000,000		$824,000,000
Industrial and Commercial Bank of China Limited				$0
Mitsubishi UFJ FG		$84,000,000		$84,000,000
Wells Fargo	$25,000,000	$159,000,000	$3,050,000	$187,050,000
Agricultural Bank of China				$0
Bank of New York Mellon	$3,000,000	$12,900,000		$15,900,000
Credit Suisse		$262,000,000		$262,000,000
Groupe Credit Agricole				$0
ING Bank				$0
Mizuho FG		42,300,000		$42,300,000
Morgan Stanley	$10,000,000	$2,041,000,000		$2,051,000,000
Nordea				$0
Royal Bank of Canada				$0
Royal Bank of Scotland		$541,000,000.00		$541,000,000
Santander			$26	$26
Societe Generale		$124,000,000		$124,000,000
Standard Chartered				$0
State Street	$2,000,000	$103,300,000.00		$105,300,000
Sumitomo Mitsui FG		$56,000,000		$56,000,000
UBS		$287,000,000.00		$287,000,000
Unicredit Group		$97,000,000		$97,000,000
Total	**$165,000,000**	**$10,277,500,000**	**$8,827,206**	**$10,451,327,206**

(Dollars in Thousands)

Sources:

https://projects.propublica.org/bailout/list/index (TARP)

https://www.gao.gov/new.items/d11696.pdf (Non-TARP)

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