Proposal: 1813 (AG64) Reg H, Q, LL & YY-Regulatory Capital Rule: Amendments to LBOs and Banking Organizations

Description:

Comment ID: 154708

From: John Cirigliano

Proposal: 1813 (AG64) Reg H, Q, LL & YY-Regulatory Capital Rule: Amendments to LBOs and Banking Organizations

Subject: R-1813 Regulatory Capital Rule: Amendments Applicable to Large Banking Organizations and to Banking

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Comments:

Date: Sep 09, 2023
Proposal: Regulatory Capital Rule: Amendments Applicable to Large Banking Organizations and to Banking Organizations with Significant Trading Activity [R-1813]
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First name: John
Middle initial:
Last name: Cirigliano
Affiliation (if any):
Affiliation Type: Other (Oth)
Address line 1:
Address line 2:
City:
State:
Zip:
Country: UNITED STATES
Postal (if outside the U.S.):

Your comment: US Treasury as Proxy Docket No. OP-[]: "Orderly resolution" Resolution Plans for domestic triennial full filers are proposed to be simplified through a layer of financial institution-issued debt that in effect replaces some level of retail deposit liabilites and hence the difficulties of dealing with thousands of depositors versus a few institutional investor(s). But the question the proposed guidance does not ask requires an answer to the question, "Who are the stakeholders of those institutional investors?" Answer: The very individuals the Fed/FDIC seek to protect with the proposed Resolution Plan. The truth is no Resolution Plan works if financial institiutions do not practice deposit-asset management, a form of "Banking 101". The failure of Silicon Valley Bank was a stark example of parallel lacunas in operating management and regulatory action. At cost and quality SVB's mark-to-market assets covered deposits easily based on the investment cost of those assets. SVB management apparently did not, or did not know how to, account for the lumpiness of its deposit liabilites and the herd instincts of the VC investors who controlled those depositors. If the Fed/FDIC decide to implement the proposed rule, finanical institutions may well lose sight of their fiduciary responsibilities and duties to the detriment of small and medium businesses nationwide. On the other hand, the Fed/FDIC could require the world's largest corporate cash holders (Apple, Alphabet, Microsoft, for example) to maintain a percent of those assets as Domestic Triennial Full Filiers deposits as term deposits, I estimate a $trillion could be raised by those coporate depositors as a sort of cost of using the world's best financial system to mange their businesses through that best financial system. Sincerely, John Cirigliano, President, Clearbrook CCM LLC.