

From: Merius Atangcho  
Proposal: 1442 (RIN 7100-AD 87) Regs H, Q, & Y Regulatory Capital Rules  
Subject: Regs H & Y Regulatory Capital Proposals

---

Comments:

Date: Sep 24, 2012

Proposal: Regulatory Capital Rules: (1) Implementation of Basel III, Minimum Regulatory Capital Ratios, Capital Adequacy, & Transition Provisions; (2) Standardized Approach for Risk-weighted Assets; (3) Advanced Approaches Risked-based Capital Rule & Market Risk [R-1442]

Document ID: R-1442

Revision: 1

First name: Merius

Middle initial:

Last name: Atangcho

Your comment: Dear FOMC, Following the housing market crisis that led to crisis in financial markets, the financial system is still at risk, perhaps even more so now that so-called too-big-to-fail banks are even bigger following bailouts and mergers, and with it the US and global economy at large. I would prefer to see all manner of federal insurance be dropped for any of these banks, in particular FDIC and NCUA coverage (outside of the FOMC's purview) for any deposit-taking banks that own, are affiliated with, or have a majority or significant stake in any investment, private equity, or hedge fund firms. I have, however, been convinced by the writings of others, among which MIT professor Simon Johnson, that "higher capital requirements for megabanks would make them generally safer and more resilient in the face of really big unusual shocks - and therefore reduce the degree of public subsidy they receive, implicitly, because they are too big to fail (and therefore able to get support, when needed, from the Fed)" (S. Johnson). Moreover, the claim that increasing capital requirements would be harmful has been shown by Stanford professor Anat Admati to be false since "the transition to much higher equity requirements could be implemented quickly and would not have adverse effects on the economy" and, further, "[l]ending decisions would be improved by higher and more appropriate equity requirements" (A. Admati). As such, it is hoped that these proposed requirements will be implemented expeditiously. Sincerely, Merius Atangcho