

Ann E. Misback  
Secretary  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue NW,  
Washington, DC 20551

Comment on:

**FEDERAL RESERVE SYSTEM**  
**12 CFR Part 217**  
**Regulations Q; Docket No. R-1707; RIN 7100-AF81**  
**Regulatory Capital Rule: Temporary Exclusion of U.S. Treasury Securities and Deposits at Federal Reserve Banks from the Supplementary Leverage Ratio**

Dear Ms. Misback,

Thank you for this opportunity for Global Index Group Inc. to comment on the interim final rule.

Background on Global Index Group

Global Index Group has developed a new type of securities, down up Equity Trust Securities (“duETS”) designed to be tied to indexes of private real estate while being backed by Treasuries. The purpose of the design is to allow investors to hedge the real estate equity risk in their portfolios while avoiding counterparty risk and reducing the systemic risk of real estate equity and debt portfolios. duETS have a process of creation and redemption similar to the creation and redemption process of ETFs. This creation and redemption process into and out of baskets of Treasuries provides users with convenient investment tools without the destabilizing effects of counterparty risk.

Comment

This interim final is a good step, and the Fed should be applauded for taking this step.

We recommend a small enhancement to the rule would also be to exclude the on-balance sheet amounts of securities redeemable into Treasuries within one business day from the calculation of the total leverage exposure, the denominator of the supplementary leverage ratio in the Board’s capital rule.

Currently available examples include:

- Invesco 1-30 Laddered Treasury ETF
- Invesco PureBeta 0-5 US TIPS ETF
- iShares 1-3 Year Treasury Bond ETF
- iShares Short Treasury Bond ETF

- iShares U.S. Treasury Bond ETF
- SPDR Bloomberg Barclays 1-3 month T-Bill ETF
- SPDR Portfolio Intermediate-Term Treasury ETF
- Vanguard Short Term Treasury ETF
- Vanguard Intermediate-Term Treasury ETF
- PIMCO 1-5 Year US TIPS Index Fund

Benefits to banks and banking system

This recommendation increases bank holding companies' flexibility on how they hold Treasuries while maintaining the safety and stability of the banking system. This rule change would allow them to act as financial intermediaries more effectively.

Best,

Kelly Haughton

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