October 16, 2023

Ann E. Misback, Secretary
Board of Governors of the Federal Reserve System
Docket No. R-1537
20th Street and Constitution Avenue NW
Washington, DC 20551

James P. Sheesley, Assistant Executive Secretary
Federal Deposit Insurance Corporation
Attention: Comments/Legal OES
RIN 3064-AF86
550 17th Street, NW
Washington, DC 20429

Chief Counsel's Office
Office of the Controller of the Currency
Attention: Comment Processing
Docket ID: OCC-2023-0011 | RIN 557-AF21
400 7th Street, SW, Suite 3E-218
Washington, DC 20219

Addendum: Long-term Debt Requirements for Large Bank Holding Companies, Certain Intermediate Holding Companies Foreign Banking Organizations, and Large Insured Depository Institutions

Dear Ms. Misback, Mr. Sheesley, and Chief Counsel's Office,

Further to our letter dated September 26, 2023, Breckinridge Capital Advisors is offering addendum (a) below based on our conviction that altering the minimum denomination rule would negatively impact the structure of the U.S. bank bond market, reduce trading activity, and diversification options for investors.

Breckinridge ***opposes*** a recent proposal that would require such banks to issue external long-term debt (LTD) in minimum denomination sizes of $400,000. Instead, we recommend that regulators:

(a) make no change in the minimum denomination size rule. U.S. bank LTD obligations are most often issued in minimum denominations of $5,000 or less. For example, 98 percent of JPMorgan Chase [1] Dollar-denominated bonds and 92

[1] JPMorgan Chase (JPM) is the second largest bond issuer in the US corporate bond market with $161bn outstanding or about 2.3% of the market value of the Bloomberg US IG Corporate Bond Index. For inclusion in this Index, a bond issue must have a minimum outstanding par value of $300mn. JPM has 70 outstanding bonds that meet the criteria for Index inclusion. In reviewing the minimum denominations of each issue, we observe the following distribution: 98 percent of JPM outstanding US$ bonds, have minimum denominations of $2,000 or below. This allows for broad ownership across retail and institutional investors.

percent of Bank of America [2] Dollar-denominated bonds are sold and trade in this manner, allowing for broad ownership across retail and institutional investors. Moreover, Trading Reporting and Compliance Engine (TRACE) data shows that about 40 percent of trades in select benchmark bank bonds, using Bank of America [3] and JPMorgan Chase [4] as proxies, occur in smaller lot sizes. Trading in smaller lot sizes creates important liquidity for broker-dealers and mid-sized investors in the bank bond market.

We strongly recommend no change to the minimum denomination size rule.

Sincerely,

Peter B. Coffin

President and Founder
Breckinridge Capital Advisors, Inc
125 High Street, 4th Floor
Boston, MA 02110

[2] Bank of America (BAC) is the largest bond issuer in the US corporate bond market with $185bn outstanding or about 2.7% of the market value of the Bloomberg US IG Corporate Bond Index. For inclusion in this Index, a bond issue must have a minimum outstanding par value of $300mn. BAC has 72 outstanding bonds that meet the criteria for Index inclusion. In reviewing the minimum denominations of each issue, we observe the following distribution: 92 percent of BAC outstanding US$ bonds have minimum denominations of $5,000 or below. This allows for broad ownership across both retail and institutional investors.

[3] Bank of America (BAC) trading volume in a liquid BAC bond (5.288% due 2034) reveals that 5,056 trades have been executed since new issuance (4/19/23), through 9/7/23. Of that amount, 58 percent or 2,956 of the trades were above $250,000 in size, while 41 percent or 2,100 trades were below $250,000. This data point shows that smaller trades are an important component in this BAC bond, in terms of liquidity.

[4] JPMorgan Chase trading volume in a liquid JPM bond (5.299% due 2029) reveals that 1,377 trades have been executed since new issuance (7/17/23), through 9/7/23. Of that amount, 58 percent or 809 of the trades were above $250,000 in size, while 41 percent or 568 trades were below $250,000. This data point shows that smaller trades are an important component in this JPM bond, in terms of liquidity.