

Proposal: 1815 (AG66) Regs P, LL & YY; Long-Term Debt Requirements Large BHCs
Description:

Comment ID: 156245

From: M. McCurdy

Proposal: 1815 (AG66) Regs P, LL & YY; Long-Term Debt Requirements Large BHCs

Subject: Long-term debt requirements for Large Bank Holding Companies, Certain Intermediate Holding Companies

Comments:

Proposed rule:

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

Agency: Office of the Comptroller of the Currency, (OCC)

Docket ID: OCC; 2023; 0011

Comments:

A more prudent approach would be to enforce longstanding regulations requiring proper asset/liability management to mitigate interest rate risk. Matching maturities of interest earning assets to interest bearing liabilities as much as possible, performing at least quarterly gap analysis, and making sure that the board fully understands the institution's interest rate risk profile is the most effective way to ensure the safety and soundness of financial institutions as it relates to interest rate risk.

An institution that follows these requirements is also very likely to follow prudent lending practices, thus reducing credit risk, the likelihood of failure, improving the resolvability of these banking organizations in case of failure, and reducing costs to the Deposit Insurance Fund.

A stand alone requirement of more longer term borrowings could have unintended consequences of increasing interest rate risk as well as creating a condition of regulations working at cross purposes such as long term debt vs risk based capital requirements.

It would seem that regulatory agencies would be more effective if they improved enforcement of long standing proven regulations as opposed to creating new rules.

Respectfully,
M. McCurdy
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