

Proposal: 1814(AG65) Regulatory Capital Rule: Risk-Based Capital Surcharges GSIB BHCs; Systemic Risk (FR Y-15)

Description:

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Comment ID: 156304

From: Russell Jefferies

Proposal: 1814(AG65) Regulatory Capital Rule: Risk-Based Capital Surcharges GSIB BHCs; Systemic Risk (FR Y-15)

Subject: Risk-Based Capital Surcharges for Global Systemically Important BHCs; Systemic Risk Report (FR Y-15)

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Comments:

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Proposal: Regulatory Capital Rule: Amendments Applicable to Large Banking Organizations and to Banking Organizations with Significant Trading Activity [R-1813]

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Your comment: Answer to Question 1: The Basel endgame and the GSIB surcharge proposals would, in combination, meaningfully increase the capital requirements of US GSIBs. One approach to reduce the impact of the proposals would be to refresh the coefficients of the method 2 GSIB surcharge. These coefficients were set in 2015 and have not been refreshed since. However, all else equal, the systemic importance of GSIBs decreases as the economy and the financial system grow. Therefore, it is logical that the method 2 GSIB surcharge coefficients should be refreshed periodically. Refreshing these coefficients would reduce the impact of the proposals by implementing a revision to the GSIB surcharge requirement that should happen anyway.