



VIA ELECTRONIC SUBMISSION

Ann E. Misback, Secretary
Board of Governors of the Federal Reserve
System
20th Street and Constitution Avenue, NW
Washington, D.C. 20551
Docket No. R-1813, RIN 7100-AG64

Chief Counsel's Office
Office of the Comptroller of the Currency
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Docket ID OCC-2023-0008

James P. Sheesley, Assistant Executive
Secretary
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, D.C. 20429
RIN 3064-AF29

**Re: Regulatory Capital Rule: Large Banking Organizations and Banking
Organizations With Significant Trading Activity**

Ladies and Gentlemen:

Christian Schools International submits this letter to the Office of the Comptroller of the Currency ("OCC"), the Board of Governors of the Federal Reserve System ("FRB") and the Federal Deposit Insurance Corporation ("FDIC," and together, the "Agencies") on their proposed rule to implement the Basel III endgame.¹

Headquartered in Grand Rapids, Michigan, Christian Schools International provides health and retirement products and services designed for the Christian education community. Founded in 1920, Christian Schools International was the first national organization to serve Christian schools. Our flexible, cost-effective health and retirement plans provide a range of benefit solutions to help Christian educational organizations attract and retain world-class staff. Today, our retirement plan serves retirees from over 100 schools and over 11,000 participants across the United States.

Like many organizations that provide retirement plans, we rely on banking organizations to provide a range of financial products and services, including asset management, custody, credit and liquidity.

We write to express our concerns regarding the significant increases in the cost of these products and services that would result if the Proposal is adopted. As noted in the Proposal, as banks face significantly higher capital costs as a result of the Proposal, we expect lower availability of services and higher prices broadly. Indeed, FRB Chairman Powell himself at the Open Meeting stated, "the proposed very large

¹ Regulatory Capital Rule: Large Banking Organizations and Banking Organizations With Significant Trading Activity, 88 Fed. Reg. 64028 (Sept. 18, 2023).

January 16, 2024

increase in risk-weighted assets for market risk overall requires us to assess the risk that large U.S. banks could reduce their activities in this area, threatening a decline in liquidity in critical markets and a movement of some of these activities into the shadow banking sector.”²

Critically, because the Proposal does not include sufficient data or economic analysis evaluating these increased costs, and specifically how it would impact retirement plans, it is difficult for us to provide fully detailed comments on the Proposal.

We therefore support the more detailed recommendations made by American Benefits Council in its letter on the Proposal and believe the Agencies should adopt those recommendations. We are writing separately to note our specific concerns about how the Proposal could impact our ability to efficiently manage our retirement benefits plans for the Christian education community. Among other things, the Proposal would increase capital requirements for derivatives and securities financing transactions, which would make it more expensive for us to hedge our risks, or force us to look for costlier, riskier alternatives.

As discussed in more detail in the American Benefits Council’s comment letter, we suggest the Agencies withdraw and re-propose the Proposal after considering impacts on retirement plans. Alternatively, we suggest the Agencies:

- Allow banking organizations to use a more risk sensitive approach to measuring market risk.
- Exclude minimum haircuts for SFTs from the final rule.

* * *

Thank you for considering these comments.

Respectfully submitted,



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² Federal Reserve Board Chairman statement on July 27, 2023:
<https://www.federalreserve.gov/newsevents/pressreleases/powell-statement-20230727.htm>