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Proposal and Comment Information

Title: Modifications to the Capital Plan Rule and Stress Capital Buffer Requirement, R-1866

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Submitter Information

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Dear Sirs and Madams, Thank you for the opportunity to publicly address the issues with R-1866.

I believe the requirements of banks to annually undergo the stress tests should remain as they are. It seems to me, by making banks only report the outcome of the tests, on a 2 year basis, however those requirements be enacted, only prolongs the possibility that the banks, that continue to report a negative balance sheet, might fail further down the road. (like kicking the proverbial can down the road).

I would suggest that you allow banks to not report their holdings of long term treasuries, that the federal reserve made them purchase in the past 5 years. In doing so this would greatly improve their balance sheets and allow them to lend out more money. There would have to be stipulations though.

1. Those banks that hold long term treasuries that are under, let's say 3% will not be allowed to sell, swap, or relinquish any of those treasuries that they have to report to the federal reserve until such time that the federal reserve lowers the fed funds rate at or below that 3% threshold.

2. The banks that hold considerably less long term treasuries shall not have undue advantage over those banks that do.

3. The banks that submit their holdings to the federal reserve, for non reporting, shall submit a quarterly report showing their balances of those treasuries.

4. The federal reserve shall work towards a measured lowering of interest rates to bring those banks back into the fold of long term sustainable institutions.

These are just a few ideas that I believe can help these banks and our nation continue on a path of security and longevity of our country.

Thank you for your consideration of these matters and I look forward to hearing from you.
Hopefully not a computer generated response!

Telford K. Thompson