

# JPMORGAN CHASE, JEREMY BARNUM

## Proposal and Comment Information

**Title:** SLR-Enhanced Supplementary Leverage Ratio, R-1867

**Comment ID:** FR-2025-0038-01-C21

## Submitter Information

**Organization Name:** JPMorgan Chase

**Organization Type:** Company

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**Submitted Date:** 08/26/2025

Please see attached response.

August 26, 2025

VIA ELECTRONIC SUBMISSION EMAIL

Chief Counsel's Office  
Attention: Comment Processing  
Office of the Comptroller of the Currency  
400 7th Street SW, Suite 3E-218  
Washington, DC 20219  
Docket ID OCC-2025-0006

Jennifer M. Jones, Deputy Executive Secretary  
Attention: Comments/Legal OES (RIN 3064-AG11)  
Federal Deposit Insurance Corporation  
550 17<sup>th</sup> Street NW  
Washington, DC 20429

Ann Misback, Secretary  
Board of Governors of the Federal Reserve System  
20th Street and Constitution Avenue NW  
Washington, DC 20551  
Docket No. R-1867 and RIN 7100-AG96

Re: Regulatory Capital Rule: Modifications to the Enhanced Supplementary Leverage Ratio Standards for U.S. Global Systemically Important Bank Holding Companies and Their Subsidiary Depository Institutions; Total Loss-Absorbing Capacity and Long-Term Debt Requirements for U.S. Global Systemically Important Bank Holding Companies

Ladies and Gentlemen:

JPMorgan Chase & Co. (JPMC) appreciates the opportunity to submit comments 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 with the OCC and FRB, the Agencies) regarding modifications to Global Systemically Important Banks' (GSIB) Enhanced Supplementary Leverage Ratio (eSLR) calculation, as well as conforming changes to those firms' Total Loss-Absorbing Capacity (TLAC) and Long-Term Debt (LTD) requirements (the Proposal).<sup>1</sup> Our comments are additive to JPMC's support for the responses submitted by a number of trade associations<sup>2</sup> on the Proposal.

We welcome the Proposal, and believe it is an important first step to achieving a U.S. capital framework that better balances financial stability with banks' capacity to engage in low-risk, high-volume activities such as U.S. Treasury (UST) market intermediation and deposit-taking, particularly during times of Quantitative Easing (QE). To that end, we encourage the Agencies to

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<sup>1</sup> Regulatory Capital Rule: Modifications to the Enhanced Supplementary Leverage Ratio Standards for U.S. Global Systemically Important Bank Holding Companies and Their Subsidiary Depository Institutions; Total Loss-Absorbing Capacity and Long-Term Debt Requirements for U.S. Global Systemically Important Bank Holding Companies, 90 Fed. Reg. 30780, July 10, 2025.

<sup>2</sup> Bank Policy Institute, Financial Services Forum, International Swaps and Derivatives Association (ISDA), Securities Industry Financial Markets Association (SIFMA), Futures Industry Association (FIA), and American Bankers Association.

finalize the proposed recalibration of the eSLR buffer<sup>3</sup> as well as the conforming changes to TLAC and LTD requirements as soon as possible, and want to reemphasize the following observations related to the proposed changes:

- The proposed changes will return the eSLR to a backstop measure in “business-as-usual” (BAU) conditions.
- The Proposal will support a more effective transmission of monetary policy in future periods of stress, particularly during Federal Reserve QE, as GSIBs would presumably have increased flexibility to absorb significant deposit growth alongside increased demand for UST intermediation.
- The transition of the eSLR standard for depository institutions from a threshold to be considered “well capitalized” within the prompt corrective action framework to a buffer will meaningfully reduce a number of existing cliff effects.<sup>4</sup>
- Concerns regarding meaningful reductions in capital at the bank subsidiary levels of GSIBs discount the fact that the parent company of a bank is generally required to serve as a “source of strength”<sup>5</sup> to its bank subsidiaries.
- Conforming adjustments to TLAC and LTD requirements are an important and appropriate step to promoting coherence across regulatory requirements. Specifically, the Agencies’ capital refill framework<sup>6</sup> prescribes that SLR-based loss absorbing resources should be right-sized in parallel with any adjustment to leverage-based capital requirements.

While the Proposal is an important first step in achieving a more consistent and appropriately calibrated U.S. capital framework the final rule should also include the following clarifications:

- To provide added future flexibility, the final rule should confirm the Agencies’ authority to temporarily exempt central bank reserves from the SLR exposure measure in exceptional macroeconomic circumstances as prescribed by the Basel SLR standards.<sup>7</sup>
- While the Method 1 GSIB Surcharge has generally resulted in a lesser surcharge for U.S. GSIBs, the calculation remains flawed and as such, the eSLR buffer

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<sup>3</sup> The Proposal would replace the current static 2 and 3% buffers at the Bank Holding Company and Insured Depository Institution levels respectively, to 50% of a firm’s Method 1 GSIB surcharge.

<sup>4</sup> “Insured depository institutions that do not meet the requirements to be considered “well capitalized” under the prompt corrective action framework face restrictions on their operations; for example, such insured depository institutions may not control or own an interest in a financial subsidiary. 12 U.S.C. 1831o. They also face restrictions on accepting brokered deposits without a waiver from the FDIC, a prohibition from accepting employee benefit plan deposits, limits on exposure to interbank liabilities, potential restrictions on opening a branch, and in certain situations, potential effects on Deposit-Insurance Fund premiums. 12 U.S.C. 371b-2 (implemented in 12 CFR part 206); 12 U.S.C. 1821(a)(1)(D)(ii); 12 U.S.C. 1831f; 12 U.S.C. 1831o(e)(4); 12 CFR part 327.” Footnote 40, 90 Fed. Reg. 30780.

<sup>5</sup> 12 U.S.C. 1831o–1

<sup>6</sup> “The adoption of the 2% SLR-based TLAC buffer in addition to the 7.5% leverage component of a GSIB’s external TLAC requirement buffer was designed to parallel the leverage buffer applicable under the eSLR rule...Accordingly, the Board is proposing to amend the TLAC rule to replace each GSIB’s 2% TLAC leverage buffer with a buffer set to 50% of the firm’s GSIB surcharge...The Board’s TLAC rule also establishes a minimum leverage-based external LTD requirement equal to the GSIB’s total leverage exposure multiplied by 4.5%... This component of the LTD requirement was calibrated by subtracting a 0.5% balance sheet depletion allowance from the amount required to satisfy the combined SLR and eSLR. Accordingly, the Board is proposing to amend the minimum LTD standard to reflect the proposed change to the eSLR.” Regulatory Capital Rules: Regulatory Capital, Enhanced Supplementary Leverage Ratio Standards for U.S. Global Systemically Important Bank Holding Companies and Certain of Their Subsidiary Insured Depository Institutions; Total Loss-Absorbing Capacity Requirements for U.S. Global Systemically Important Bank Holding Companies, 83 Fed Reg. 17317, April 18, 2018.

<sup>7</sup> Basel Committee on Banking Supervision, Leverage Ratio, paragraph 30.7, January 2023, found [here](#).

should be capped at 2% to ensure it does not once again become a binding “BAU” measure due to potential future growth in firms’ Method 1 surcharges.

- As detailed in trade association responses,<sup>2</sup> LTD with a maturity of one year or more but less than two years should not be subject to a 50% haircut for TLAC requirements. Additionally, the current 50% haircut applied to the LTD requirement should be removed.

Finally, a number of future rulemakings to revise other components of the capital framework are necessary for GSIBs to effectively engage in UST market intermediation which is important given the potential net issuance in the coming years.<sup>8</sup>

- JPMC acknowledges that while the Proposal’s “narrow exclusion” could incrementally provide support for UST market intermediation, its utility will be limited without (or until) appropriate recalibration of the Method 2 GSIB Surcharge.
- In addition to the recalibration of the Method 2 GSIB Surcharge, JPMC urges the Agencies to re-propose Basel III Endgame in the near-term.
- While exposure measure calculations are not included in the Proposal, in the calculation of the off balance sheet component of the SLR exposure, we recommend fair consideration for cross-product netting within the Standardized Approach for Counterparty Credit Risk (SA-CCR) as detailed in the ISDA/SIFMA/FIA response. This will further support banks’ ability to intermediate markets during periods of stress, particularly the UST markets.

JPMC appreciates the opportunity to provide these comments. We would be pleased to provide any further information or respond to any questions.

Respectfully submitted,



Jeremy Barnum  
Chief Financial Officer, JPMorgan Chase & Co.

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<sup>8</sup> Treasury Presentation to TBAC, April 28, 2025, available [here](#)