HISPANIC LEADERSHIP FUND

Proposal and Comment Information

Title: Regulatory Capital Rule: Category I and II Banking Organizations, Banking Organizations with Significant Trading Activity, and Optional Adoption for Other Banking Organizations, R-1887

Comment ID: FR-2026-0007-01-C24

Submitter Information

Organization Name: Hispanic Leadership Fund

Organization Type: Organization

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Please see attached

HISPANIC LEADERSHIP FUND

June 15, 2026

Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, D.C. 20551

Via Federal Reserve Proposals Portal — FR-2026-0007-01

RE: Regulatory Capital Rule: Category I and II Banking Organizations, Banking Organizations with Significant Trading Activity, and Optional Adoption for Other Banking Organizations [R-1887]

Dear Members of the Board of Governors:

I write on behalf of the Hispanic Leadership Fund (HLF), a non-partisan advocacy organization dedicated to strengthening working families by advancing common-sense public policy solutions that foster liberty, opportunity, and prosperity.

We submit these comments on behalf of American families, entrepreneurs, and community members whose economic futures are affected by rulemaking decisions like this one. Our interest is in increasing financial opportunities and upward mobility and advocacy focuses on the borrowers, homebuyers, and business owners whose access to credit depends on how regulators calibrate the rules governing the institutions that serve them.

Capital requirements may appear to be a technical matter best left to banking lawyers and prudential regulators. We disagree. When capital rules are poorly designed, credit becomes scarcer and more expensive, and the costs fall unevenly. For example, Hispanic entrepreneurs, many of whom are first-generation business owners without inherited wealth or established banking relationships, have less margin for error when credit tightens. Additionally, Hispanic homebuyers, who are entering the market in growing numbers and often depend on competitive bank lending rather than GSE-backed products, are directly affected by rules that shape how aggressively banks participate in the mortgage market.

We welcome the Federal Reserve, Office of the Comptroller of the Currency, and Federal Deposit Insurance Corporation's decision to provide substantially more analytical support for this proposal than was offered in the 2023 version. The difference is significant: where the prior proposal offered roughly 10 to 15 pages of supporting analysis, this reproposal runs to hundreds of pages.

That level of transparency enables meaningful engagement from a broader range of stakeholders, including community-focused organizations like ours that are not banking industry participants but have a direct interest in how capital rules shape credit access. We urge the agencies to continue to meet this standard in future rulemakings that affect lending to underserved communities.

The revised loan-to-value-based mortgage risk weight framework is among the most consequential provisions in this proposal for the communities HLF represents. Hispanic families access homeownership at among the highest rates of any demographic group in the country, and for many, residential equity is not simply a financial asset—it is the primary source of capital for starting or expanding a business, for example. The prior risk weight treatment created a structural incentive for banks to route mortgage production to the government-sponsored enterprises rather than hold loans on their own balance sheets. The revised framework corrects that distortion, restoring greater competitive balance between banks and the GSEs, and expanding the pool of lenders actively competing for mortgage borrowers. For first-generation homeowners and entrepreneurs who depend on home equity to build economic independence, a more competitive mortgage market has direct and material consequences.

We support the approach reflected in the OCC recently updated venture lending guidance, which replaced a framework that effectively classified startup loans as non-passing at origination, discouraging banks from participating in venture lending at all. The OCC recognized that this outcome was neither intended nor justified, and replaced it with a principles-based approach that restores bank management's role in credit decisions. We urge the banking agencies to carry that same philosophy into the capital framework. Rules that impose categorical penalties on lending activity, rather than calibrating requirements to actual risk, restrict credit access without a commensurate safety benefit and fall hardest on borrowers with fewer alternatives.

HLF also supports finalizing the companion stress testing proposal, which Vice Chair Bowman confirmed is expected by year-end. Regulators and members of Congress have both identified meaningful overlap between the stress testing framework and the Basel standardized approach—overlap that imposes redundant costs on financial intermediation without a corresponding improvement in safety. Resolving that overlap is as important as the capital rule itself, and we encourage the agencies to treat the two rulemakings as a package.

We wish to raise two concerns before the rule is finalized.

The first concerns the revised definition of "commitment." The agencies have characterized this change as a clarification, but it may be more consequential. The definition determines how much capital banks must hold against undrawn credit lines, and if the revised definition results in higher charges against those exposures, banks may respond by reducing their participation in revolving credit products. For many small business owners, revolving credit is often the most accessible and flexible form of working capital available. A contraction in that market would be felt acutely in communities that already face structural barriers to credit access. We urge the agencies to provide a clear and public economic analysis of this change's credit market effects before the rule is finalized, and to modify or phase out the definition if that analysis reveals meaningful risk of credit contraction.

The second concern is about the G-SIB surcharge calibration baseline. During the recent House Financial Services Committee hearing on prudential regulatory oversight, Vice Chair Bowman acknowledged that the choice of 2019 as the baseline for the surcharge recalibration was a compromise reached among board members, not a determination grounded in independent analytical judgment. We believe that a rulemaking of this significance—one that will shape the capital requirements of the largest institutions in the financial system for years—should be able to justify its foundational parameters on the merits. We urge the agencies to provide a more rigorous public rationale for the 2019 baseline before the rule is finalized. Additionally, we believe that the proposed way the recalibrated Method 2 surcharge measures reliance on short term wholesale funding and its removal of risk sensitivity could impact the availability of capital for everyday consumers.

While this rulemaking addresses capital requirements, those requirements are ultimately about credit: who can access it, on what terms, and from how many competing lenders. We also note that capital reform, however well-designed, cannot fully substitute for liquidity infrastructure reform. Three years after the collapse of Silicon Valley Bank, the Federal Reserve has yet to standardize discount window operations across its 12 reserve banks, a gap that leaves smaller institutions serving a range of communities most exposed when a liquidity crisis requires a rapid response. We encourage the agencies to treat these two reform tracks as complementary and to advance both with urgency.

Thank you for your consideration and for the opportunity to provide input on this matter.

Sincerely,

Mario H. Lopez
President
Hispanic Leadership Fund