THE TEXEL GROUP

Proposal and Comment Information

Title: Regulatory Capital Rules: Regulatory Capital and Standardized Approach for Risk-weighted Assets, R-1888

Comment ID: FR-2026-0008-01-C247

Subject

Docket No.s R-1887 and R-1888

Submitter Information

Organization Name: The Texel Group

Organization Type: Organization

Submitted Date: 06/18/2026

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Dear Ladies and Gentlemen,

Please find attached comments from the Texel Group provided in response to the proposals issued by your agencies under Docket No.s R-1887 and R-1888. We remain available for further comment.

Regards,
Ben Roberts

Ben Roberts
President – Texel Americas
Board Member of The Texel Group

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(Cell No.)

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Benjamin W. McDonough, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, D.C. 20551
Email: publiccomments@frb.gov
Docket No. R-1813, RIN 7100-AG64

Jennifer M. Jones, Deputy Executive Secretary
Attention: Comments/Legal OES (RIN 3064-AF29)
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, D.C. 20429
Email: comments@FDIC.gov
RIN 3064-AF29

Chief Counsel's Office
Attention: Comment Processing
Office of the Comptroller of the Currency
400 7th Street, SW, Suite 3E-218
Washington, D.C. 20219
Docket ID OCC-2023-0008

18 June 2026

Re:
R-1888 | *Regulatory Capital Rules: Regulatory Capital and Standardized Approach for Risk-weighted Assets - Response to Question 22*
R-1887 | *Regulatory Capital Rule: Category I and II Banking Organizations, Banking Organizations with Significant Trading Activity, and Optional Adoption for Other Banking Organizations - Response to Question 51*

Dear Ladies and Gentlemen,

We would like to take the opportunity to provide feedback on the proposals submitted by your agencies in March 2026, and specifically are responding to Question 22[1] of the Regulatory Capital and Standardized

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[1] Question 22: *The agencies seek comment on the requirement that the entity has issued and outstanding an unsecured debt security without credit enhancement that is investment grade to meet the definition of an eligible guarantor. What, if any, alternatives to this requirement should the agencies consider to help ensure that eligible guarantors can be expected to perform on guarantees and what would the pros and cons of those alternatives be?*

Approach for Risk-weighted Assets, and Question 51[2] in Category I and II Banking Organizations, Banking Organizations with Significant Trading Activity, and Optional Adoption for Other Banking Organizations of the Notice of Proposed Rulemaking issued on March 19, 2026, by the Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation (the "Agencies") on the Regulatory Capital Rule for Category I and II banking organizations.

Firstly, The Texel Group supports the positions set forth by the International Trade and Forfaiting Association and the International Association of Credit Portfolio Managers in their joint comments on Question 22 of the Standardized Proposal and Question 51 of the ERBA Proposal and wish to add our comments to this.

Credit insurance is a widely used banking tool for regulatory capital management, particularly by lenders domiciled in jurisdictions including Europe, Japan and Australia.

U.S domiciled lenders are restricted from utilizing this tool for regulatory capital management purposes largely due to the current definition of eligible guarantor under CFR Title 12, Chapter II, Subchapter A, Part 217 ("Regulation Q").

The current eligible guarantor requirement of Regulation Q that the entity issuing a guarantee "*has issued and outstanding an unsecured debt security without credit enhancement that is investment grade",* is one that the entities of insurance groups that issue insurance policies do not meet.

Although a parent or holding company or affiliate of an insurer issues investment grade debt securities, the subsidiaries or affiliates issuing the insurance policies do not, despite the fact they maintain independent and strong ratings on a standalone basis.

U.S. domiciled lenders are unable to utilize credit insurance for regulatory capital management purposes. This restriction ultimately creates a competitive disadvantage for U.S. domiciled lenders compared to banks domiciled in other jurisdictions and reduces the ability of U.S. domiciled lenders to expand lending into the U.S. economy.

We therefore believe it would be appropriate to expand the definition of 'eligible guarantor' to allow for affiliates of entities who maintain an "*unsecured debt security without credit enhancement that is investment grade*", who themselves have independent investment grade ratings, to qualify as eligible guarantors.

This could be achieved by a limited amendment to the definition of eligible guarantor as suggested in red below:

The rationale for this proposed change is as follows:

(2) *An entity (other than a special purpose entity):*

(i) That at the time the guarantee is issued or anytime thereafter, has issued and outstanding or, so long as the entity has a standalone investment grade rating, has a parent, affiliated or controlling company[3] *that has issued and outstanding, an unsecured debt security without credit enhancement that is investment grade;*

(ii) Whose creditworthiness is not positively correlated with the credit risk of the exposures for which it has provided guarantees; and

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[2] Question 51: *The agencies seek comment on the requirement that the entity has issued and outstanding an unsecured debt security without credit enhancement that is investment grade to meet the definition of an eligible guarantor. What, if any, alternatives to this requirement should the agencies consider to help to ensure that eligible guarantors can be expected to perform on guarantees and what would the pros and cons of those alternatives be?*

[3] Drafted to reflect the broad structural set-up of insurance companies including corporate insurers, Lloyd's of London syndicates and managing general agents who are active in providing capital relief compliant policies to large international investment banks.

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(iii) That is not an insurance company engaged predominately in the business of providing credit protection (such as a monoline bond insurer or re-insurer).

1. It would be consistent with the aims and objectives of the current definition of eligible guarantor under Regulation Q - eligible guarantors would still be required to be strong counterparties as an investment grade rating would still be necessary for an entity to qualify *and* also their parent or an affiliated entity would need to have investment grade debt securities outstanding.

2. The Financial Strength Rating (FSR) which applies to the entity of insurance companies that issues policies is, in most cases, higher than the Issuer Strength Rating (ISR) of insurance holding companies (which issues the debt securities).
   This reflects insurance policyholders having a preferred and senior position to financial creditors of the parent or holding company of the insurer in the U.S as well as other jurisdictions such as Europe.

   The global credit insurance market consists of insurance companies with ratings that are mostly A+ or AA- rated meaning the counterparties the U.S domiciled banks will be receiving guarantees from are financially strong entities.

3. Banks which transfer risk to insurers through eligible guarantees typically have a detailed process to onboard and approve the specific insurance company entities from a credit perspective. They look beyond the rating of the insuring entity and look at the financial information, structure and other details related to an insurance company's profile.

4. In addition to being highly rated entities, insurance companies across different jurisdictions are also highly regulated. Regulating agencies in different global jurisdictions, including the United States impose strict capital requirements and enterprise risk management practices on insurers.

5. As referenced above, the proposed change would remove a competitive disadvantage which currently exists for U.S. domiciled banks in comparison to other globally significant lenders, and level the playing field in favor of American banks. It would allow U.S. lenders access to a capital management tool which is already used extensively by lenders domiciled in other jurisdictions for risk weighted asset reduction, including in relation to transactions and lending into the United States made by foreign lenders.[4]

   Data from the International Association of Credit Portfolio Managers shows that out of the tools available for Credit Risk Mitigation for banks, credit insurance ranks 2nd and 1st for EMEA domiciled and APAC domiciled banks, respectively. For U.S domiciled banks, use of credit insurance ranks 5th in terms of

[4] As showing in data collected by the International Association of Credit Portfolio Managers (the IACPM), the largest users of Credit Insurance are those banks based in locations where it provides a capital benefit to the lenders:
"*Despite the global distribution of participating firms, over three-quarters (78%) of the reported total insured exposure as of June 30, 2025, has been contracted by firms domiciled in Europe (EU 65% and non-EU 13%).*"
"The volume of insured exposure is very sensitive to its regulatory treatment, as 74% (US$ 134 Billion) of the insured exposure by YE 2024 was protected at least in part to obtain capital relief and might not be insured if capital relief was not attained."

credit risk mitigation tools[5]. The inability of U.S. banks to obtain regulatory capital relief is an impediment for them being able to use this tool more broadly.

Foreign lenders who can already utilize credit insurance for capital management count amongst the largest lenders in certain assets within the U.S domestic economy, including infrastructure, project finance and funding for A.I. and data center buildouts. U.S. domiciled banks looking to deploy significant lending and allocate large amounts of capital in these areas would benefit from an additional tool allowing them to manage this capital to enable more lending activities into the U.S. economy.

6. The proposed change would also broadly align the definition of eligible guarantor with that of the Basel Framework and the capital frameworks of other international jurisdictions.

Yours sincerely,
Ben Roberts
President, Texel Americas and Board Member of The Texel Group

The Texel Group

The Texel Group is the leading independent Credit Insurance (or "Non-Payment Insurance") broker, with offices headquartered in London and with offices in New York, Singapore and Brussels.

Texel supports a client base of over 60 global commercial and investment banks, as well as multilateral and development financial institutions with an insured portfolio that we oversee for our clients of over US$31bln in bank assets.

Our clients utilize Credit Insurance as product to manage capital and exposure across asset classes from trade finance to structured lending products.

[5] IACPM – 2025 Global Survey on Credit Risk Insurance