OCCAMS ADVISORY INC., MUKARRAM

Proposal and Comment Information

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

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Submitter Information

Organization Name: Occams Advisory Inc.

Organization Type: Company

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Occams Advisory appreciates the opportunity to comment on the proposed revisions to the Regulatory Capital Rules and Standardized Approach for Risk-weighted Assets (R-1888).
As a firm focused on capital strategy, treasury advisory, and long-duration financial resilience, we support regulatory efforts that improve the accuracy, transparency, and risk sensitivity of capital frameworks within the banking system. A resilient banking system is foundational to long-term economic stability and trust.
At the same time, we encourage the agencies to carefully evaluate the second-order effects that increased capital requirements and expanded risk-weighting methodologies may have on credit formation, productive lending, and market structure—particularly for small and medium-sized enterprises (SMEs), regional banking institutions, and long-duration productive investments.

Several observations may warrant consideration:
Risk Sensitivity vs. Credit Contraction
While improving calibration of risk weights may enhance prudential oversight, excessive conservatism in standardized frameworks can unintentionally discourage economically productive lending. Overly punitive capital treatment may reduce incentives for banks to extend credit to businesses that drive employment, innovation, and real economic growth.

Concentration Risk and Competitive Dynamics
Increasing compliance complexity and capital burdens may further consolidate financial activity toward the largest institutions with greater regulatory and operational capacity. Policymakers should remain attentive to preserving competitive diversity within the banking ecosystem, including the viability of regional and mid-sized institutions.

Treatment of Long-Duration and Infrastructure Assets
The proposal should carefully distinguish between speculative exposures and strategically productive assets that contribute to long-term economic resilience, infrastructure development, and productive capacity expansion. Capital frameworks function not only as safeguards, but also as implicit incentive systems that shape where capital flows.

Accumulated Other Comprehensive Income (AOCI) Recognition
Requiring broader recognition of AOCI for Category III and IV institutions may improve transparency, but may also introduce greater procyclicality into regulatory capital during periods of interest rate volatility. We encourage the agencies to evaluate mechanisms that avoid amplifying cyclical stress during rapidly changing monetary environments.

Simplicity and Operational Clarity
A core strength of the standardized approach has historically been operational clarity and comparability. As additional layers of complexity are introduced, there is a risk that capital frameworks become increasingly difficult to interpret, implement, and supervise consistently across institutions.
We believe effective regulation should seek balance between prudential resilience and productive economic dynamism. Capital rules are not merely accounting mechanisms; they materially influence entrepreneurship, lending behavior, investment horizons, and the broader allocation of capital across the economy.
We appreciate the agencies' continued engagement with public stakeholders and support efforts to build a banking system that is both resilient and capable of supporting long-term productive growth.

Respectfully submitted,