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Proposal and Comment Information

Title: GSIB-Regulatory Capital Rule: Risk-Based Capital Surcharges for Global Systemically Important Bank Holding Companies; Systemic Risk Report (FR Y-15), R-1889

Comment ID: FR-2026-0009-01-C44

Submitter Information

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Organization Type: Company

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The Proposal's three core operational demands - high-frequency data averaging, dynamic GDP-indexed coefficient recalibration, and expanded counterparty and cross-jurisdictional reporting - collectively represent a meaningful shift in the operational posture required of GSIB institutions. Taken together, they move the FR Y-15 framework closer to a continuous monitoring function than a periodic regulatory filing. That shift is directionally appropriate from a systemic risk surveillance standpoint, but it carries implementation complexity that is not fully reflected in the Proposal's transition discussion. Our key observations are:

Daily and monthly averaging of systemic indicators requires unified data architecture, not incremental process adjustments. The data infrastructure required to collect, normalize, validate, and aggregate indicator data on a daily and monthly basis across risk, finance, treasury, and regulatory reporting functions is qualitatively different from the annual snapshot process the current framework supports. This is a workflow transformation challenge.

Annual GDP indexing of Method 2 coefficients requires automated scenario analysis and capital cascade capabilities. Coefficient changes driven by GDP growth will have downstream effects on surcharge bands and capital requirements. Banks will need automated tools to model those effects at frequency, with auditability.

Expanded counterparty taxonomy and cross-jurisdictional derivatives reporting create significant data classification and harmonization requirements. The redefinition of "financial institution" and the treatment of exchange-traded funds will require banks to reclassify existing counterparty data across multiple interconnectedness indicators. Cross-jurisdictional derivatives data - by its nature distributed across legal entities, booking locations, and currency denominations - requires a single authoritative source that resolves discrepancies before submission.

Narrower surcharge bands reduce cliff effects but increase monitoring sensitivity requirements. While the reduction from 100 to 20 basis point bands limits discrete jump risk, it simultaneously raises the operational burden of continuously tracking score movements relative to thresholds and managing the associated governance processes.

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June 18, 2026

Mr. Benjamin McDonough
Secretary
Board of Governors
The Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, D.C. 20551

Re: Docket No. 1889 | RIN 7100-AH22 |Regulatory Capital Rule (Regulation Q): Risk-Based Capital Surcharges for Global Systemically Important Bank Holding Companies; Systemic Risk Report (FR Y-15)

Dear Mr. McDonough:

ServiceNow, Inc. ("ServiceNow") respectfully submits these comments in response to the Federal Reserve Board's proposed rule (the "Proposal") to recalibrate risk-based capital surcharges for global systemically important bank holding companies ("GSIBs") and amend associated reporting requirements under the Systemic Risk Report (FR Y-15), published in the Federal Register on March 27, 2026 (91 FR 14908).

ServiceNow is an enterprise AI platform company whose technology is deployed across large financial institutions and other regulated entities to orchestrate workflows, automate processes, manage risk and compliance, and govern AI and technology operations. Our platform is used by financial institutions of all sizes, including many of the largest U.S. and global banks, to address complex operational challenges at the intersection of regulatory compliance, data management, and technology modernization. Our perspective is that of a strategic technology partner directly supporting the critical operational and workflow infrastructure that financial institutions will need to fulfill the obligations this Proposal creates.

We support the Board's underlying objectives: improving the precision and accuracy of the GSIB surcharge framework, reducing cliff effects, and ensuring the systemic risk indicators remain calibrated to contemporary measures of economic scale and systemic importance. We write to offer substantive observations on the operational implications of the Proposal for the institutions subject to it, and to encourage the Board to consider implementation guidance that accounts for the significant cross-functional data and process infrastructure requirements the Proposal entails.

I. Summary of Position

The Proposal's three core operational demands - high-frequency data averaging, dynamic GDP-indexed coefficient recalibration, and expanded counterparty and cross-jurisdictional reporting - collectively represent a meaningful shift in the operational posture required of GSIB institutions. Taken together, they move the FR Y-15 framework closer to a continuous monitoring function than a periodic regulatory filing. That shift is directionally appropriate from a systemic risk surveillance standpoint, but it carries implementation complexity that is not fully reflected in the Proposal's transition discussion.

Our key observations are:

1. **Daily and monthly averaging of systemic indicators requires unified data architecture, not incremental process adjustments.** The data infrastructure required to collect, normalize, validate, and aggregate indicator data on a daily and monthly basis across risk, finance, treasury, and regulatory reporting functions is qualitatively different from the annual snapshot process the current framework supports. This is a workflow transformation challenge.
2. **Annual GDP indexing of Method 2 coefficients requires automated scenario analysis and capital cascade capabilities.** Coefficient changes driven by GDP growth will have downstream effects on surcharge bands and capital requirements. Banks will need automated tools to model those effects at frequency, with auditability.
3. **Expanded counterparty taxonomy and cross-jurisdictional derivatives reporting create significant data classification and harmonization requirements.** The redefinition of "financial institution" and the treatment of exchange-traded funds will require banks to reclassify existing counterparty data across multiple interconnectedness indicators. Cross-jurisdictional derivatives data - by its nature distributed across legal entities, booking locations, and currency denominations - requires a single authoritative source that resolves discrepancies before submission.
4. **Narrower surcharge bands reduce cliff effects but increase monitoring sensitivity requirements.** While the reduction from 100 to 20 basis point bands limits discrete jump risk, it simultaneously raises the operational burden of continuously tracking score movements relative to thresholds and managing the associated governance processes.

We elaborate on each below and offer targeted recommendations.

II. Operational Implications of the Proposal

A. Data Averaging and FR Y-15 as a Continuous Process

The Proposal would require daily and monthly averaging of certain systemic indicators, including interconnectedness, substitutability, and cross-jurisdictional activity measures, for purposes of computing Method 2 GSIB scores. This change transforms the FR Y-15 from a once-annual filing into an ongoing data management discipline.

From an operational standpoint, the averaging requirement creates three overlapping challenges:

Data collection across siloed systems. The systemic indicators the Board is averaging – intra-financial system assets and liabilities, securities outstanding, payments activity, cross-jurisdictional claims - are not typically resident in a single system of record. They are distributed across core banking, custody, trading, treasury, and regulatory reporting platforms, each with its own data model, update frequency, and governance owner. Producing accurate daily or monthly averages requires a unified data architecture that collects and reconciles data across these systems continuously, not just at quarter- or year-end.

Validation and auditability. Regulators and auditors will need to trace averaged indicator values back to their source data. This demands that the data pipeline itself be auditable — with complete lineage from source system to computed average to reported FR Y-15 value. Manual or spreadsheet-based processes that may have served adequately for annual reporting are not well-suited to this purpose at higher frequency.

Operational governance. Errors or revisions in underlying data will require correction workflows that can propagate adjustments downstream, recompute averages, reassess surcharge implications, and produce a documented rationale - all within a compliance-grade framework. Banks will need the operational infrastructure to manage these revision processes in a repeatable, auditable way.

Recommendation: The Board should issue implementation guidance that articulates data quality standards, acceptable variance thresholds, and audit trail expectations for averaged indicator data. Clear regulatory expectations will help institutions design compliant data architectures rather than discovering gaps at examination. The Board should also consider whether a phased transition to daily averaging, beginning with monthly and moving to daily over a two-to-three year window, would support more orderly infrastructure investment without sacrificing the long-run precision objectives of the Proposal.

B. Annual GDP Indexing and Capital Cascade Management

The Proposal would index Method 2 coefficients to nominal GDP growth on an annual basis. This is a sound recalibration mechanism that will keep the GSIB framework appropriately scaled to the broader economy over time. It does, however, create a new recurring operational requirement: each annual coefficient update will need to be propagated through each institution's capital planning and reporting infrastructure.

For the largest banks, capital planning is a complex, multi-function process that involves treasury, risk, finance, and regulatory capital teams, supported by interconnected models and reporting systems. An annual coefficient update is not a simple parameter change - it triggers a cascade of recomputations: reassessment of expected surcharge levels, capital buffer targets, stress testing assumptions, and dividend and buyback planning. Managing this cascade in an auditable, reproducible manner requires workflow infrastructure that can orchestrate the update process across functions, track decision points, and produce documentation suitable for supervisory review.

The Board's proposal to also seek comment on an alternative approach to coefficient adjustment is constructive. Whichever mechanism is adopted, institutions would benefit from the

Board providing a predictable publication calendar and standardized data formats for annual coefficient updates that can be ingested directly by the operational systems managing these calculations.

Recommendation: The Board should commit to a standardized, machine-readable format for annual coefficient publication (e.g., structured data file accompanying the annual notice) to enable straight-through processing and reduce manual reconciliation burden.

C. Expanded Counterparty Taxonomy and Cross-Jurisdictional Reporting

The Proposal makes several substantive amendments to the systemic indicators that will require banks to reclassify and re-instrument their counterparty data:

- Revised definition of "financial institution" for interconnectedness indicators
- New treatment of exchange-traded funds (ETFs)
- Changes to the short-term wholesale funding score (removal of risk-weighted assets denominator)
- Expanded cross-jurisdictional derivatives reporting
- Modified payments activity indicators and currency coverage

The counterparty reclassification requirement alone is operationally significant. The current exposure data maintained for interconnectedness indicators is organized around existing counterparty definitions. Implementing revised definitions requires a systematic review of counterparty classifications across trading, lending, custody, and derivatives books, and potentially across legal entities and booking locations for globally active firms.

Cross-jurisdictional derivatives data presents distinct challenges. Derivatives positions are frequently booked across multiple legal entities, cleared through different central counterparties in different jurisdictions, and denominated in multiple currencies. Aggregating this data into a consistent, verifiable FR Y-15 indicator requires a multi-system data fabric that can harmonize position-level data across jurisdictions into a unified reporting view, with currency conversion applied consistently and documented for audit purposes.

The proposal to include additional currencies in the payments activity indicator is similarly data intensive. Banks will need to confirm that their transaction monitoring and payment infrastructure captures and attributes transaction volume for the newly in-scope currency denominations at the required granularity.

Recommendation: The Board should provide a transition period of not less than 24 months for counterparty reclassification requirements, with interim reporting on a best-efforts basis. The Board should also consider issuing detailed technical reporting guidance - including data mapping specifications for the revised counterparty taxonomy - to enable consistent implementation across institutions and minimize examiner variation in interpretation.

D. Narrower Surcharge Bands and Continuous Score Monitoring

The Proposal's reduction of GSIB surcharge score bands from 100 basis points to 20 basis points is designed to smooth the cliff effects that can create perverse capital management incentives near current band thresholds. This is a technically sound calibration improvement.

However, narrower bands have an important operational corollary: the sensitivity of surcharge levels to score movements increases substantially. A systemic risk score change that previously had no surcharge consequence, because it fell within a 100 basis point band, may now trigger a surcharge level change under the 20 basis point structure. This means banks will need to monitor their GSIB scores more continuously and with greater precision, updating management and board reporting frameworks to reflect the increased sensitivity.

For institutions already operating close to a band threshold, the combination of more granular bands and higher-frequency data averaging creates a material operational demand: near-real-time score estimation, with automated alerting for approaching thresholds and clear escalation and governance processes for the capital management decisions that follow. This is not simply a modeling challenge - it is a workflow orchestration challenge that involves coordinating treasury, finance, risk, and regulatory reporting teams under governance frameworks designed for accountability and auditability.

Recommendation: The Board should consider requiring institutions to describe their ongoing GSIB score monitoring and threshold alert processes in their capital plan submissions, to encourage operational investment in this area and create a constructive basis for supervisory engagement.

III. Broader Observations on Technology and Data Infrastructure

The Proposal, viewed alongside the Basel Endgame Re-Proposal and the Standardized Risk-Weighted Assets proposal published concurrently, collectively represent a substantial upgrade in the data and operational infrastructure expectations for large U.S. financial institutions. The directional vision - toward real-time, continuous, auditable regulatory capital monitoring - is appropriate and consistent with the trajectory of supervisory expectations globally.

We observe, however, that this vision presupposes institutional data architectures that do not yet fully exist at most covered banks. Data related to capital, risk, and systemic indicators continues to be distributed across dozens of legacy core systems, each with different data models, update frequencies, and governance ownership. The regulatory expectation embedded in the Proposal - that this data can be continuously collected, averaged, cross-referenced, and submitted with full auditability - requires a concerted infrastructure investment that the banking sector is actively pursuing but has not yet completed.

We encourage the Board to engage directly with covered institutions on implementation readiness as part of its supervisory approach to this Proposal, rather than treating the operational infrastructure requirements as self-evident. The Board's examination teams are well-positioned to assess operational preparedness during the transition period and to share observations across institutions in a manner that elevates industry baseline capabilities.

The Board may wish to consider, as part of its supervisory approach during the transition period, how institutions are sequencing operational infrastructure investment alongside capital planning. Durable compliance with the Proposal's continuous monitoring requirements will require both adequate capital and the operational architecture to apply it effectively - and supervisory engagement during the transition period is well positioned to reinforce that alignment.

IV. Conclusion

ServiceNow supports the Board's objectives in recalibrating the GSIB surcharge framework to better reflect contemporary economic scale and to reduce cliff effects. We write because we believe the operational infrastructure required to implement the Proposal deserves greater attention in the Board's transition planning guidance.

The shift from annual point-in-time reporting to continuous, averaged data collection; the cascade effects of annual GDP-indexed coefficient adjustments; the counterparty reclassification demands of the expanded taxonomy; and the increased score monitoring sensitivity under narrower bands, together these represent a meaningful investment in cross-functional data orchestration, workflow automation, and governance infrastructure. Getting that investment right is in the interest of regulators, institutions, and the financial system.

We appreciate the opportunity to submit these comments and welcome further engagement with Board staff on the operational and technical dimensions of this rulemaking.

If you have any questions, or would like to discuss further, please feel free to reach out to me at my cell or email: +1(202) 795-0883 | combiz.abdolrahimi@servicenow.com

Sincerely,

Combiz Abdolrahimi

Vice President and Global Head, Government Affairs and Public Policy