



November 12, 2019

VIA ELECTRONIC SUBMISSION

Ann E. Misback
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551

Re: Proposed Agency Information Collection Activities (FR Y-15; OMB No. 7100-0352)

Ladies and Gentlemen:

The Financial Services Forum (the “Forum”)¹ appreciates the opportunity to comment on the September 2019 proposal² by the Board of Governors of the Federal Reserve System (“FRB”) to revise the Banking Organization Systemic Risk Report (the “FR Y-15”). Given that the FRB states that the proposal is intended for information collection purposes only and, thus, does not impact the global systemically important bank holding company (“GSIB”) score calculations in any way, we are generally supportive of this proposal subject to the implementation timing considerations set out below.³

¹ The Financial Services Forum is an economic policy and advocacy organization whose members are the chief executive officers of the eight largest and most diversified financial institutions headquartered in the United States. Forum member institutions are a leading source of lending and investment in the United States and serve millions of consumers, businesses, investors, and communities throughout the country. The Forum promotes policies that support savings and investment, deep and liquid capital markets, a competitive global marketplace, and a sound financial system.

² FRB, Proposed Agency Information Collection Activities; Comment Request, 84 Fed. Reg. 47509 (Sept. 10, 2019).

³ All of the Forum’s member institutions, the U.S. GSIBs, are required to compile and submit the FR Y-15 on a quarterly basis.

We request, however, that before any of the proposed memoranda items are incorporated in the GSIB score calculation, (i) the FRB initiate and execute the necessary public rulemaking process for the holistic review and recalibration of the GSIB surcharge and allow the industry an opportunity to participate and provide relevant commentary, and (ii) the FRB adopt a procedural mechanism to ensure that the GSIB surcharge methodology is periodically reassessed, such as once every three or four years.

In adopting the 2015 final rule implementing the GSIB surcharge, the FRB committed that it will “periodically reevaluate the framework to ensure that factors unrelated to systemic risk do not have an unintended effect on a bank holding company’s systemic indicator scores.”⁴ We believe recalibration is now necessary to limit unintended consequences, and promote continuity in both the financial sector and economy. In particular, recalibration is necessary to take into account successful implementation of multiple regulatory reforms and U.S. economic growth that has occurred since the finalization of the GSIB surcharge, and which has the effect of inflating surcharge scores without any increase in systemic risk.

Thus, we encourage the FRB to undertake such an evaluation and, in fact, encourage the FRB to formalize a process for periodic reevaluations. Adopting a procedural mechanism to ensure that the GSIB surcharge methodology is periodically reassessed is particularly important given the FRB’s proposed incorporation of the GSIB surcharge into the Stress Capital Buffer (the “SCB”) framework. Combining variable year-over-year stress loss results in the SCB with a fixed GSIB surcharge methodology calibrated to 2011-2013 period measurements would introduce significant conceptual and technical frictions into the capital framework.

As it relates to the implementation timeline of the September 2019 FR Y-15 proposal, given that the proposal introduces a significant new reporting burden, we recommend that the proposed changes be made effective as of June 30, 2020. This extension will allow our member institutions sufficient time to set up the necessary systems and processes to report the required additional data on an accurate and sustainable basis.

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Thank you for considering these comments. Please feel free to contact the undersigned (KFromer@fsforum.com) with any questions.

⁴ Regulatory Capital Rules: Implementation of Risk-Based Capital Surcharges for Global Systemically Important Bank Holding Companies, 80 Fed. Reg. 49081, 49088 (Aug. 14, 2015).

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Kevin Fromer". The signature is fluid and cursive, with a long horizontal stroke at the end.

Kevin Fromer
President and CEO
The Financial Services Forum