

From: Jay Chawla
Subject: Funding & Liquidity Risk Management

Comments:

Proposed Interagency Guidance--Funding and Liquidity Risk Management

AGENCIES: Office of the Comptroller of the Currency, Treasury (OCC); Board of Governors of the Federal Reserve System (FRB); Federal Deposit Insurance Corporation (FDIC); Office of Thrift Supervision, Treasury (OTS); and National Credit Union Administration (NCUA).

ACTION: Notice with request for comment.

Dear public servants of the federal reserve,

I read the above guidance with some amusement because I find it funny that you are advising the largest banks in the world on how to do their cash management. The federal reserve has pockets deep enough to paper over transient issues in the overnight funding markets and all other markets used by the banks to fund themselves in the short-term, so I am not particularly concerned about what would happen in the improbable event that a big bank made a big long-term deposit without checking to make sure it had enough left over in the checking account to buy milk and eggs until the next payday. The bank would pay the federal reserve a large amount of money for a payday loan, and all would be well.

What does concern me is the fact that a couple of our largest financial institutions (which I will not name) -- bank holding companies that used to be the two most "prestigious" investment banks on the street, are completely insolvent with no hope of recovery except through massive, international theft, fraud, and lawless market manipulation.

We don't need new guidance to take care of the real problem before us -- the two culprits should be unwound. Now.

And then we can put in place a better regulatory framework that won't allow a cartel to suck the surplus out of the capital markets again. I am going to provide further guidance in that regard in the coming weeks and months.