Proposal: 1814(AG65) Regulatory Capital Rule: Risk-Based Capital Surcharges GSIB BHCs; Systemic Risk (FR Y-15)

Description:

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From: Cory CM. E.

Proposal: 1814(AG65) Regulatory Capital Rule: Risk-Based Capital Surcharges GSIB BHCs; Systemic Risk (FR Y-15)

Subject: Risk-Based Capital Surcharges for Global Systemically Important BHCs; Systemic Risk Report (FR Y-15)

Comments:

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Proposal: Regulatory Capital Rule: Risk-Based Capital Surcharges for Global Systemically Important Bank Holding Companies; Systemic Risk Report (FR Y-15) [R-1814]

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Your comment: Comment in Support of the Basel Rules and Comprehensive Regulatory Oversight As a concerned professional in the financial industry, I strongly support the implementation and rigorous enforcement of the Basel III reforms. These rules are essential to ensuring the stability and resilience of our financial system. The recent proposals aim to enhance the consistency and transparency of capital requirements for large banking organizations, which is crucial given the alarming scale of their current exposures. Financial Risks and Legal Issues Financial institutions continue to hold trillions in derivatives, posing significant systemic risks. For instance, the six largest U.S. banks collectively received over $8.2 trillion in bailouts during the 2008 financial crisis. Despite these bailouts, these institutions have been involved in 351 significant legal actions, resulting in nearly

$200 billion in fines and settlements. This indicates a persistent pattern of risky and illegal behavior that has not diminished since the crisis. Off-Balance Sheet Liabilities On top of their on-balance sheet liabilities, banks also carry trillions in off-balance sheet liabilities. This off-balance sheet exposure further exacerbates the risks, effectively turning the financial system into a dangerous game of hot potato where the ultimate fallout from these liabilities is uncertain and potentially devastating. According to the OCC's recent report, JPMorgan Chase Bank's total derivatives exposure is $59.8 trillion, Goldman Sachs Bank USA's is $50 trillion, Citibank's is $45.9 trillion, and Bank of America's is $22.7 trillion. Advanced Technologies in Financial Manipulation These same institutions have leveraged advanced technologies such as supercomputers, quantum computers, and sophisticated algorithms to engage in high-frequency trading and other complex financial activities. The regulatory landscape has yet to adequately address the implications of these technologies, which can be used to manipulate markets and engage in illicit activities with greater efficiency and opacity. Allowing institutions with nearly 300 felonies to continue operating with such tools without stringent oversight is a recipe for disaster. Public Accountability and Legal Consequences We, the people, should not be responsible for the financial misdeeds of these institutions simply because their failure would endanger the entire economy. No one, including high-profile figures such as Jamie Dimon, Kenneth C. Griffin, and Vincent Viola, should be above the law. It is imperative that everyone in the financial sector is held to the same standards and faces appropriate consequences for their actions. To strengthen the regulatory framework, it is crucial to implement additional measures: 1. Lobbying Restrictions: Financial institutions with a history of significant legal violations should be prohibited from lobbying lawmakers or serving on the boards of regulatory bodies like the DTCC (Depository Trust & Clearing Corporation) or OCC (Office of the Comptroller of the Currency). (AES) Asg ionS and individuals cho haVe Pommit A inancia s in es should faCe criminal charges and penalties rather than settling through NPAs and AWCs. As evidenced by countries like South Korea, where naked short-selling can lead to life sentences, stricter penalties can be a strong deterrent against financial misconduct. 3. Enhanced Technological Oversight: Regulatory bodies must establish frameworks to monitor and control the use of advanced trading technologies to prevent their misuse for market manipulation and other illegal activities. Recent Bank Failures and Financial Instability The enforcement of Basel III reforms is a critical step toward ensuring financial institutions operate safely and soundly, minimizing the risk of another catastrophic financial crisis. By holding these institutions accountable and implementing stricter regulations, we can protect the public's interests and maintain our financial system's integrity. Adding to our concerns is the deceptive conduct by financial committees that mislead the American public about the actual state of the economy. Notably, figures like Secretary Yellen, who received $800,000 to speak at Citadel Securities, appear disconnected from the everyday struggles of average Americans, such as paying $10 for a gallon of milk. This disconnect is highlighted when one compares the price of items purchased online in 2020 to their prices now, which have quadrupled. Furthermore, the recent reports highlight the vast scale of derivative exposures and the significant financial risks these institutions pose. The largest banks continue to hold staggering amounts in derivatives, necessitating robust oversight to prevent another financial meltdown. The Federal Deposit Insurance Corporation (FDIC) reports that unrealized losses on investment securities have dramatically increased. with held-to-maturity and available-for-sale securities showing significant declines. Additionally, the number of banks on the "problem bank list" has fluctuated, indicating ongoing instability within the sector Shocking Revelations and Public Perception The continuous legal issues central banks face highlights the need for stringent oversight. For example, despite being a primary recipient of bailout funds, JPMorgan Chase has been involved in multiple scandals, including money laundering and manipulation of financial markets. The recent statement from Markets Insider notes that the recent bank failures have exposed significant vulnerabilities in the banks' balance sheets, which are not being adequately addressed Furthermore, nearly 200 banks risk facing the same fate as Silicon Valley Bank (SVB), highlighting the systemic risks within the banking sector. The quote from Thomas Jefferson in 1802 remains eerily relevant today, emphasizing the dangers banking institutions pose to public liberty and economic stability. In conclusion, regulatory frameworks like Basel III must be supported and strengthened to include measures against lobbying by criminally implicated institutions, the elimination of NPAs and AWCs, and stringent oversight of advanced trading technologies. These steps are necessary to ensure that no one is above the law, regardless of their position, and to safeguard the financial system from future crises. 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