

**Statement by Michael J. Hsu  
Acting Comptroller of the Currency  
At the FDIC Board Meeting  
July 27, 2023**

I support the notice of proposed rulemaking to revise the capital requirements applicable to large banking organizations and banking organizations with significant trading activity.

Bank capital requirements are like building codes. They are foundational and establish rules so that the public can rest assured that banks, like buildings, are safe and resilient to stress. Large banks are like large structures – skyscrapers, airport terminals, and concert halls. The rules governing their foundations need to take into account their size and complexity and the stresses they may encounter.

Recent events demonstrated the effects that stress at a few large, regional banking organizations could have on the stability, public confidence, and trust in the banking system. While the recent events may be attributed to a variety of factors, the effect on financial stability supports further alignment of the regulatory capital framework across all large banking organizations with \$100 billion or more of assets.

Just as the public expects building codes to be robust and not to “cut things close,” especially for large structures, the bank capital requirements need to be robust and not “penny wise, pound foolish,” especially for large banks. Strong capital requirements allow banking organizations to serve as a source of strength for the U.S. economy during times of economic stress and to continue to lend to creditworthy households and businesses through a variety of economic cycles.

The proposal will strengthen the regulatory capital framework by improving its comprehensiveness and risk sensitivity, enhance the financial resilience of these banking organizations, and improve transparency facilitating more effective supervisory and market assessments of capital adequacy.

The proposal is generally consistent with the international capital standards issued by the Basel Committee on Banking Supervision. Consistency will help ensure a level playing field internationally, which will promote the competitive equity of U.S. banking organizations with their foreign peers. Where appropriate, the proposal differs from the Basel standards to reflect specific characteristics of U.S. markets, practices of U.S. banking organizations, U.S. legal requirements, and policy objectives.

Finally, the proposal will be open for comment until November 30, 2023. We will carefully review and consider all letters. I encourage commenters to include assumptions about capital distributions and competition from banks and other financial institutions in their analyses of the impacts of the proposal on lending and economic growth.

Today's banking system has more large and complex banks than ever to support our dynamic economy, while uncertainties and the risk landscape continue to evolve. Our capital requirements need to be calibrated to this reality: providing strong foundations for large banks to be resilient to a wide range of stresses today and into the future.

I support the issuance of the NPR and encourage all stakeholders to submit comments on the proposal.