Press Release

# The Fed Proposes Regulatory Reform for Mid-Size Banks

ANDREW EVANS | NOVEMBER 1, 2018

Yesterday the Federal Reserve announced two proposed regulations that would implement part of the Economic Growth, Regulatory Relief, and Consumer Protection Act, which Congress passed earlier this year. In particular, the new regulations set up a more nuanced framework for categorizing banks and reduces the capital requirements of mid-size banks. AAF's Director of Financial Services Policy Thomas Wade examines the proposal, highlighting both what it does and does not do.

An excerpt:

> Several key reforms are noticeable in their absence. Perhaps most telling is the lack of real reform for banks in Category I, the [Global Systemically Important Banks, or G-SIBs]. Some commentators expected the Fed to review the G-SIB surcharge. As AAF has written about previously, the G-SIB surcharge has not been altered since the financial crisis, despite the significant derisking of the world's largest banks. Given the greatly different risk profiles of the domestic G-SIBs between 2008 and today, this surcharge must have been inappropriate either then or now. A lack of reform in this area is indicative that the Fed does not consider regulatory relief for the G-SIBs a priority.

Continue reading here.