



United States House of Representatives  
One Hundred Nineteenth Congress  
Committee on Financial Services  
2129 Rayburn House Office Building  
Washington, DC 20515

December 19, 2025

The Honorable Michelle Bowman  
Vice Chair for Supervision  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue, NW  
Washington, DC 20551

The Honorable Jonathan Gould  
Comptroller  
Office of the Comptroller of the Currency  
400 7<sup>th</sup> Street, SW  
Washington, DC 20219

The Honorable Travis Hill  
Chairman  
Federal Deposit Insurance Corporation  
550 17<sup>th</sup> Street, NW  
Washington, DC 20429

Dear Vice Chair Bowman, Comptroller Gould, and Chairman Hill,

We want to commend you and your agencies on the work done thus far in rationalizing the United States bank regulatory capital framework to maintain the banking system's safety and soundness while preserving its role as a key engine of the U.S. economy. As you and your agencies have progressed through the sequencing from the most pressing parts of the U.S. capital framework that needed reform to preserve key markets' functioning,<sup>1</sup> to parts of that framework that have needed reform since their inception,<sup>2</sup> we appreciate that it has been done with an intention to make those adjustments so that they are consistent with and complementary to the larger reforms to follow.

The time for those larger reforms has come. As your agencies begin the process of publicly noticing for comment a new large bank capital proposal—commonly referred to as the

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<sup>1</sup> Regulatory Capital Rule: Modifications to the Enhanced Supplementary Leverage Ratio, 90 Fed. Reg. 55248 (Dec. 1, 2025).

<sup>2</sup> Modifications to the Capital Plan Rule and Stress Capital Buffer Requirement, 90 Fed. Reg. 16843 (proposed Apr. 22, 2025); Enhanced Transparency and Public Accountability of the Supervisory Stress Test Models and Scenarios, 90 Fed. Reg. 51856 (proposed Nov. 18, 2025).

Basel III Endgame—derived from the 2017 recommendations of the Basel Committee on Banking Supervision (BCBS),<sup>3</sup> we encourage you to formulate the notice of proposed rulemaking (NPR) and any final rule with a clear recognition of the broad set of constituencies it will affect and the unique nature of the economic, financial, and regulatory context of the U.S.

First and foremost, we want to emphasize the real world impacts that this proposal will have on individuals, businesses, and the entire U.S. economy. If inappropriately calibrated, excessive levels of required regulatory capital and the associated need for banks to direct available capital to the most productive risk-adjusted uses will likely lead to increased mortgage costs for homeowners, less business investment, tighter margins for farmers with associated increases in the cost of food, and overall lower economic growth and reduced economic wellbeing. The bank regulatory capital framework does not exist in a vacuum—it has spillover effects on the wider economy and everyone within it. A safe and sound banking system is a key pillar of the economy, but we must not forget that the point of prudential regulation is to maintain its safety and soundness so that the banking system can continue to be a powerful engine of economic progress. Regulation for the sake of regulation is not effective or prudent.

The U.S. is unique among comparable global peers in the importance of capital markets, as opposed to bank lending, as a key source of financing for nonfinancial firms. In 2024, 76.8 percent of debt financing for nonfinancial firms in the U.S. was provided by markets for corporate bond issuances, while only 23.2 percent was provided by bank loans; in other countries, we see the inverse.<sup>4</sup> We note this to highlight that the 2017 BCBS recommendations were negotiated by a set of countries, excluding the U.S., in which the importance of capital markets is less paramount, and thus the sensitivity of regulators towards unnecessarily punitive treatment of capital market activities is less pronounced. The proposal, embedded as it is in the context of the U.S. financial system, should make necessary adjustments to account for the unique circumstances present in the U.S. relative to other countries. Other major implementing jurisdictions have made similar deviations from the 2017 BCBS recommendations to account for their unique economic and financial contexts, and the U.S. should therefore feel at liberty to do the same.<sup>5</sup>

Where there is greater direct equivalence between the economic and financial systems of the U.S. and other countries, the proposal, in reference to its counterpart regulations in other countries, should seek to “remove [the] source[s] of competitive inequality arising from differences in national capital requirements” that was a foundational purpose of the BCBS’ work

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<sup>3</sup> Basel Comm. on Banking Supervision, *Basel III: Finalising post-crisis reforms*, Bank for Int’l Settlements (Dec. 2017), <https://www.bis.org/bcbs/publ/d424.pdf>.

<sup>4</sup> Sec. Indus. and Fin. Mkt. Ass’n, *2025 Capital Markets Fact Book 6* (July 28, 2025), <https://www.sifma.org/wp-content/uploads/2024/07/2025-SIFMA-Capital-Markets-Factbook.pdf>.

<sup>5</sup> See, e.g., Eur. Parl. Doc. 773.694, *The implementation of Basel III: progress, divergence and policy challenges* 6–11, Eur. Parl. (Sept. 4, 2025), [https://www.europarl.europa.eu/RegData/etudes/IDAN/2025/773694/ECTI\\_IDA\(2025\)773694\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/IDAN/2025/773694/ECTI_IDA(2025)773694_EN.pdf).

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on bank capital regulation to begin with.<sup>6</sup> Where appropriate, the proposal should continue to seek international harmonization of bank regulatory capital standards and avoid the gold-plating that was included in previous proposals,<sup>7</sup> which significantly deviated from the 2017 BCBS recommendations. This garnered overwhelmingly negative feedback from commenters concerned with the significant detrimental consequences that would likely have resulted.<sup>8</sup>

The proposal must also account for the already existing framework of bank regulatory capital in the U.S. Given the work on the bank regulatory capital structure that your agencies have already undertaken,<sup>9</sup> it is imperative that the proposal be rationally fitted to integrate with existing bank capital regulations in a manner that does not result in overlapping and duplicative requirements. Failure to do so would likely result in unnecessarily high capital requirements with the downstream effect of reduced credit availability to broad swathes of the U.S. economy. To avoid this outcome, we ask you and your agencies to continue to view the bank regulatory capital framework in a comprehensive manner that does not double-count risks in one part of the framework that have already been accounted for by another.

Chair of the Federal Reserve Jerome Powell said it best. “We need to ensure that all the different pieces of the capital framework work together effectively. Doing so will help maintain a safe, sound, and efficient banking system, for the benefit of the people we serve.”<sup>10</sup> We appreciate your attention to these matters and look forward to working together to fashion a more effective bank regulatory capital framework for the benefit of all Americans.

Sincerely,



French Hill  
Chairman



Bill Huizenga  
Vice Chairman

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<sup>6</sup> Basel Comm. on Banking Supervision, *History of the Basel Committee*, Bank for Int’l Settlements, <https://www.bis.org/bcbs/history.htm>, accessed Dec. 3, 2025.

<sup>7</sup> Regulatory Capital Rule: Large Banking Organizations and Banking Organizations with Significant Trading Activity, 88 Fed. Reg. 64028 (proposed Sept. 18, 2023).

<sup>8</sup> Arthur S. Long et al., *Comments on the Basel III Endgame Proposal*, Latham & Watkins (Feb. 2, 2024), <https://www.lw.com/en/news/2024/02/comments-on-the-basel-iii-endgame-proposal>.

<sup>9</sup> Regulatory Capital Rule: Modifications to the Enhanced Supplementary Leverage Ratio, 90 Fed. Reg. 55248; Modifications to the Capital Plan Rule and Stress Capital Buffer Requirement, 90 Fed. Reg. 16843; Enhanced Transparency and Public Accountability of the Supervisory Stress Test Models and Scenarios, 90 Fed. Reg. 51856.

<sup>10</sup> Jerome H. Powell, Chair, Bd. of Governors of the Fed. Rsrv. Sys., Opening Remarks at the Integrated Review of the Capital Framework for Large Banks Conference (July 22, 2025).



Frank D. Lucas  
Chairman, Task Force on  
Monetary Policy, Treasury Market  
Resilience, and Economic Prosperity



Pete Sessions  
Member of Congress



Ann Wagner  
Chairman, Subcommittee on Capital  
Markets



Andy Barr  
Chairman, Subcommittee on Financial  
Institutions



Roger Williams  
Member of Congress



Tom Emmer  
Member of Congress



Barry Loudermilk  
Member of Congress



Warren Davidson  
Chairman, Subcommittee on National  
Security, Illicit Finance, and International  
Financial Institutions



John Rose  
Member of Congress



Bryan Steil  
Chairman, Subcommittee on Digital  
Assets, Financial Technology and Artificial  
Intelligence



William R. Timmons, IV  
Member of Congress



Marlin Stutzman  
Member of Congress

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Daniel Meuser  
Chairman, Subcommittee on Oversight and  
Investigations



Young Kim  
Member of Congress



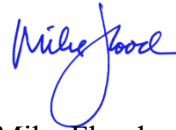
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Chairman, Subcommittee on Housing and  
Insurance



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Maria Salazar  
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Troy Downing  
Member of Congress



Mike Haridopolos  
Member of Congress



Tim Moore  
Member of Congress

cc: The Honorable Maxine Waters, Ranking Member