

To: Public Comment File – Docket No. OCC–2023–0008

From: Carl Kaminski, Assistant Director, Bank Advisory, Chief Counsel’s Office

Date: May 2, 2024

Subject: Meeting between the staff at the Office of the Comptroller of the Currency and the Chief Financial Officer of Morgan Stanley to discuss: Notice of Proposed Rulemaking: “Regulatory Capital Rule: Large Banking Organizations and Banking Organizations with Significant Trading Activity”

On May 2, 2024, the Office of the Comptroller of the Currency met with representatives of Morgan Stanley regarding the Federal banking agencies’ notice of proposed rulemaking entitled “Regulatory Capital Rule: Large Banking Organizations and Banking Organizations with Significant Trading Activity,” which was published in the Federal Register on September 18, 2023 (88 Fed. Reg. 64028).

The Morgan Stanley representatives stated that the Federal banking agencies should make substantial changes to reduce the potential impact of the proposed requirements for operational risk, market risk, and credit valuation adjustments (CVA). The Morgan Stanley representatives stated that the proposed requirements would disproportionately impact financial institutions with fee-based revenue streams from business segments, such as wealth management, that have very low loss histories and have helped stabilize banks through different economic cycles. The Morgan Stanley representatives further stated that many aspects of the proposed market risk and CVA requirements would make it challenging for Morgan Stanley to offer derivative products to its customers due to the increase in its capital requirements. Finally, the Morgan Stanley representatives asserted that the many changes required to “fix” the proposed rules should be published for comment as part of a complete re-proposal to ensure that the industry has an opportunity to review them and provide further comment.

Attendees

OCC

Amrit Sekhon
Margot Schwadron
Venus Fan
Ben Pegg
Diana Wei
JungSup Kim
Kevin Korzeniewski
Carl Kaminski

Morgan Stanley

Sharon Yeshaya
Denise Pieck
Kaushik Goswami
Andrew Nash