

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

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

Date: February 13, 2024

Subject: Meeting between the Acting 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”

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On February 13, 2024, the Acting Comptroller of the Currency met with the Chief Financial Officer 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 representative discussed the potential impact of the proposed rulemaking, in particular the potential relationship between the proposed new requirements and the Federal Reserve Board’s stress-capital buffer requirement applicable to bank holding companies. The Morgan Stanley representative discussed the potential impact of the proposed requirements on Morgan Stanley’s overall capital requirements, described substantial changes that should be made to the proposal, and asserted that the proposal should be re-issued for notice and comment.

Specifically, the Morgan Stanley representative asserted that the proposed operational risk requirements are mis-calibrated and unduly punitive for banking organizations, like Morgan Stanley, that earn substantial revenue from businesses driven by fee income. The Morgan Stanley Representative further asserted that the proposed requirements for market risk fail to appropriately account for benefits of diversification in a bank’s trading book.

### Attendees

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OCC

Michael Hsu  
Greg Coleman  
Amrit Sekhon

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Morgan Stanley

Sharon Yeshaya