



EMBARGOED UNTIL FRIDAY, MARCH 18, 2016 AT 11:00 A.M. EASTERN TIME OR UPON DELIVERY

Observations on Defining the Objectives and Goals of Supervision

Eric S. Rosengren
President & CEO
Federal Reserve Bank of Boston

March 18, 2016

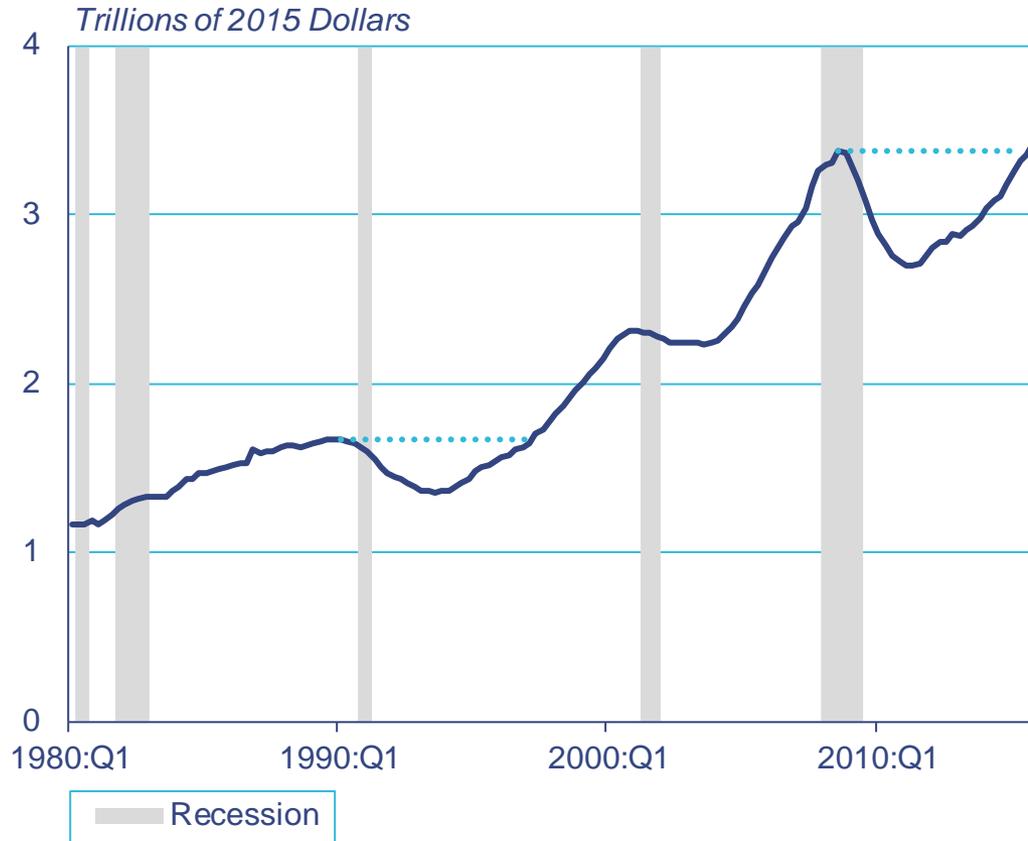
Federal Reserve Bank of New York
New York, New York

bostonfed.org



Figure 1: Real Business Loans Outstanding at Commercial Banks

1980:Q1 - 2015:Q4



Note: Real Business Loans include Commercial and Industrial and Commercial Real Estate Loans. Real Business Loans Outstanding are adjusted for inflation using the GDP deflator.

Source: Commercial Bank Quarterly Call Reports, BEA, NBER, Haver Analytics

Figure 2: GSIB Minimum Basel III Leverage Ratio Required by Region/Country

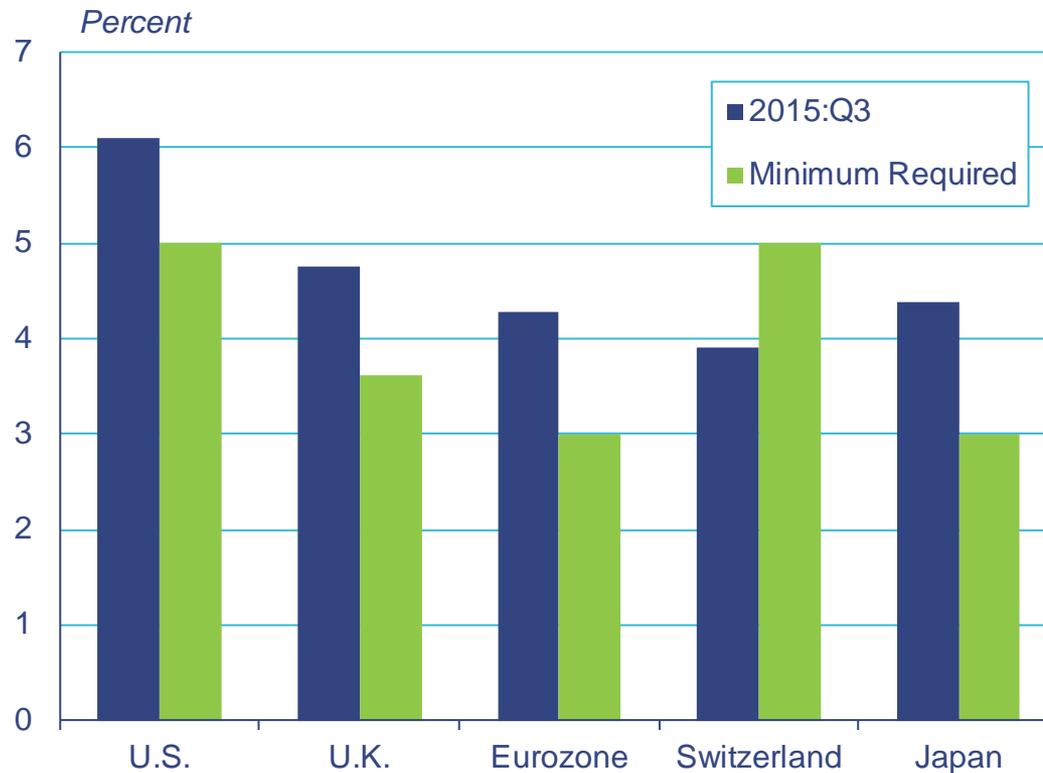
Region/Country	Banking Organizations	Minimum	Additional Detail
U.S.	GSIBs	5%	2 percentage points above the 3% minimum to avoid restrictions on capital distributions and discretionary bonus payments
U.K.	GSIBs	3.35%-3.875% plus CCLB	Additional Leverage Ratio Buffer: 35% of corresponding risk-weighted systemic buffer rates (0.35% - 0.875% for current GSIBs)
			Countercyclical Leverage Ratio Buffer (CCLB): 35% of a bank's institution-specific countercyclical capital buffer rate
Eurozone	GSIBs	3%	
Switzerland	GSIBs	5%	
Japan	GSIBs	3%	

Note: Additional requirements for GSIBs are under discussion by the Basel Committee's Group of Central Bank Governors and Heads of Supervision (GHOS)

Source: Federal Reserve Board, Bank of England, BCBS, FNMA

Figure 3: Basel III Fully Phased-In Leverage Ratio: Average of GSIBs and Minimum Required by Region/Country

2015:Q3



Note: Japan's average is based on leverage ratios calculated on a transitional basis. U.K. has individual minimums for GSIBs – the average of individual minimums (assuming CCLBs of 0%) is shown. Additional requirements for GSIBs are under discussion by the Basel Committee's Group of Central Bank Governors and Heads of Supervision (GHOS).

Source: Company Financials and Investor Presentation Materials



Figure 4: Global Stock Market Indices
December 1, 2015 - March 16, 2016

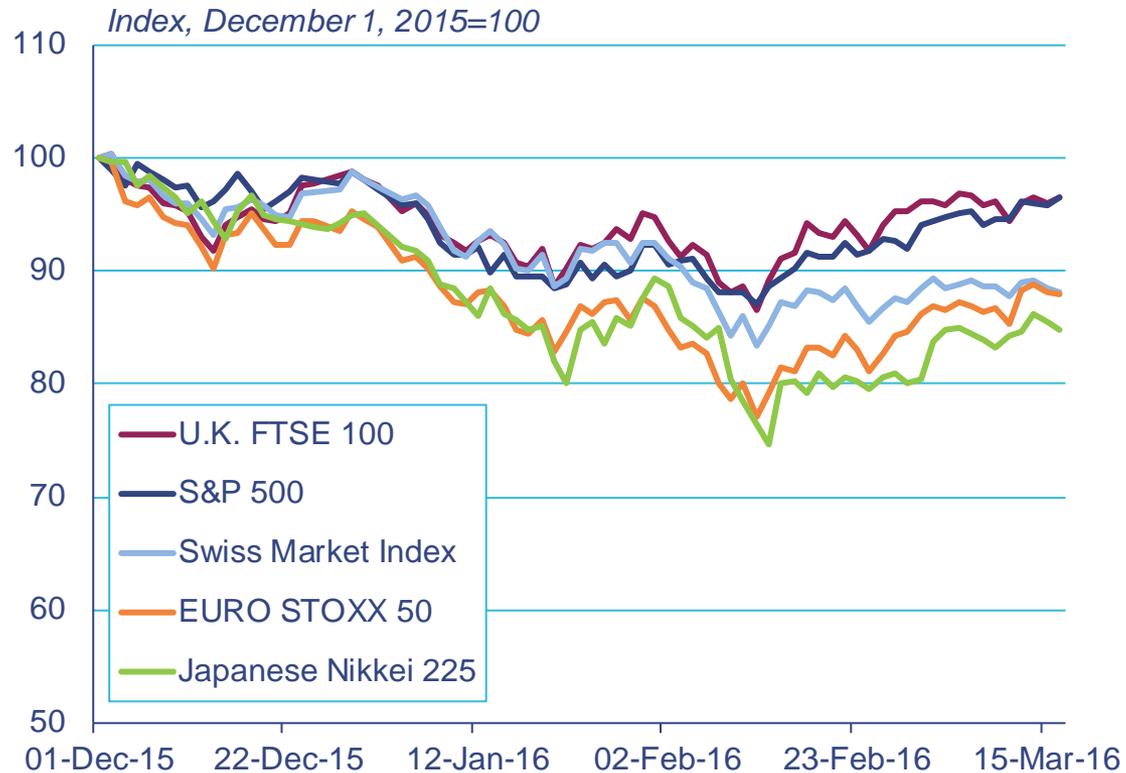




Figure 5: Average of CDS Spread Indices of GSIBs by Region/Country

December 1, 2015 - March 16, 2016

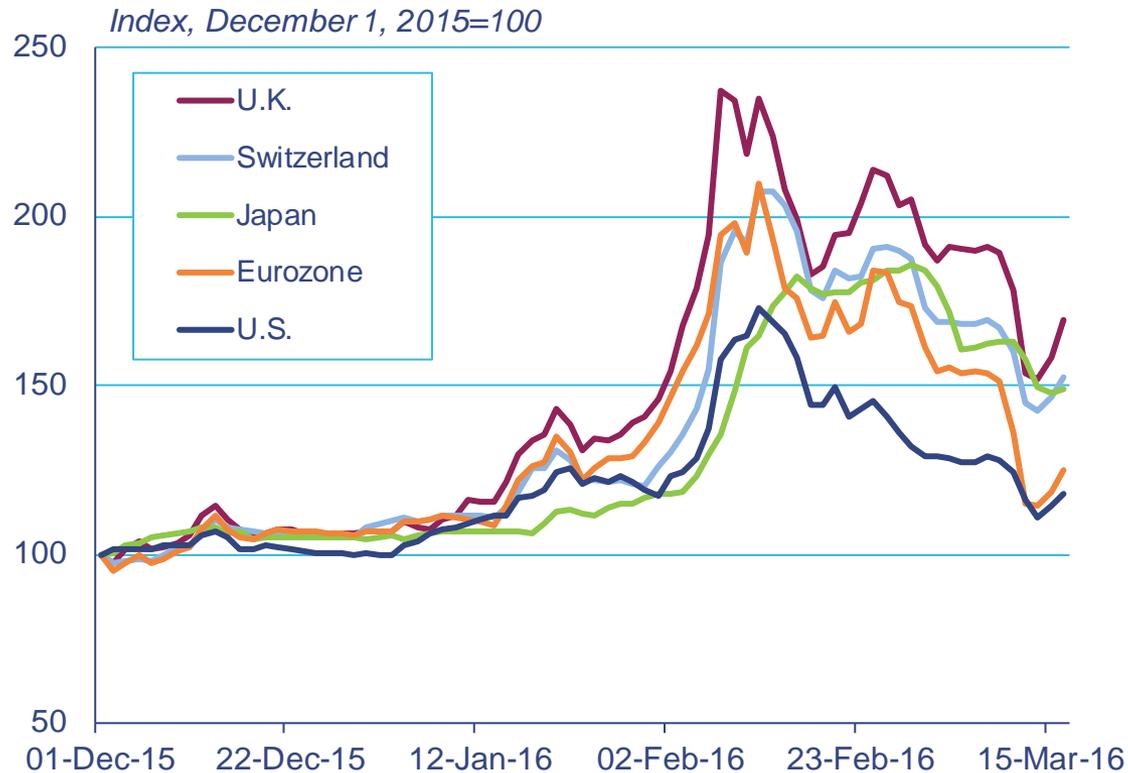




Figure 6: Average of Stock Price Indices of GSIBs by Region/Country

December 1, 2015 - March 16, 2016

