



October 10, 2017

The Honorable Jeb Hensarling
Chairman, House Committee on Financial
Services
2228 Rayburn House Office Building
Washington, DC 20515

The Honorable Maxine Waters
Ranking Member, House Committee on
Financial Services
2221 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Hensarling and Ranking Member Waters:

The Securities Industry and Financial Markets Association (SIFMA)¹ strongly supports H.R. 2121, the Pension, Endowment, and Mutual Fund Access to Banking Act. This bipartisan bill provides targeted relief to deposits made by custody banks at central banks under the Supplementary Leverage Ratio (SLR). We encourage the Committee to advance this important legislation to enable custody banks to continue servicing low-risk client assets.

We have long sought changes to the inputs for calculating the SLR. As currently written it creates perverse incentives against banks holding cash, treasuries and other low risk assets. While this bill is targeted towards custody banks, it is indicative of changes that need to be made for all banks subject to the SLR.

This technical correction is an important step to improve the SLR to ensure that custody banks have enough balance sheet capacity to provide clients with a safe haven during stressed market conditions. Accordingly, this legislative fix would improve custody banks' abilities to service clients, reduce market stress, and enhance financial stability.

Please feel free to contact us should you desire any additional information.

Sincerely,

Andy Blocker
Executive Vice President
Public Policy & Advocacy

cc: The Honorable Keith Rothfus; The Honorable Bill Foster

¹ SIFMA is the voice of the U.S. securities industry. We represent the broker-dealers, banks and asset managers whose nearly 1 million employees provide access to the capital markets, raising over \$2.5 trillion for businesses and municipalities in the U.S., serving clients with over \$18.5 trillion in assets and managing more than \$67 trillion in assets for individual and institutional clients including mutual funds and retirement plans. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association (GFMA). For more information, visit <http://www.sifma.org>.