United States Senate

WASHINGTON, DC 20510

December 1, 2025

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

The Honorable Jonathan Gould
Comptroller of the Currency
The Office of the Comptroller of the Currency
400 7th Street, SW
Washington, D.C. 20219

The Honorable Travis Hill
Acting Chairman
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington D.C. 20429

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

We are encouraged by regulators' new approach to the Basel III Endgame Proposal and the GSIB Surcharge Proposal (the proposals) that emphasizes safety and soundness without burdensome restrictions that hamper economic growth. As you work to re-evaluate the proposals, we write to highlight the need for a tailored approach that takes into consideration the farmers, ranchers, and energy producers that utilize derivatives markets to hedge risk. Curtailing critical risk management tools for end-users in the original proposals was a misguided approach, as these markets play a crucial role in stabilizing prices, giving businesses greater certainty, and insulating consumers from price swings.

Many parts of the original proposals, such as the credit valuation adjustment charge (CVA) for client clearing and the public listing requirement, would make it more expensive for entities like farmer cooperatives to use derivatives markets. As previously written, the rules would also increase regulatory capital charges for banks that provide end-users with access to hedging markets. To mitigate the risk they face from unpredictable commodity prices, oil and gas companies, grain processors, farmers, and other businesses frequently enter into futures or other centrally-cleared derivatives contracts through a Futures Commission Merchant (FCM) registered with the Commodity Futures Trading Commission (CFTC). FCMs provide market access to their clients through memberships at regulated derivatives exchanges and clearinghouses, and the vast majority of transactions cleared by FCMs today are by banks that would have been subject to the proposals' increased capital requirements. As you know, artificially high capital requirements that are not correlated to the appropriate risk level could result in financial institutions offering less access to hedging options.

It is clear these bank capital proposals as originally drafted would have had broad impacts on the ability of agriculture and energy producers to manage volatile commodity markets. As you re-evaluate the proposals, it is important to consider the adverse effects of disincentivizing banks from offering hedging products to industries sensitive to price volatility in commodity markets such as grain, livestock, oil, fertilizer, and minerals. We respectfully ask that you craft these rules in a manner that provides sufficient capacity, including in times of heightened volatility, for banks to offer products that allow stakeholders to properly hedge risk, thus providing businesses certainty and allowing downstream prices to remain stable for consumers. Thank you for your attention to this important matter.

Sincerely,

Jerry Moran
Jerry Moran
United States Senator

Bill Hagerty
Bill Hagerty
United States Senator

Tommy Tuberville
Tommy Tuberville
United States Senator

John Boozman
John Boozman
United States Senator

Cindy Hyde-Smith
Cindy Hyde-Smith
United States Senator

Katie Boyd Britt
Katie Boyd Britt
United States Senator