

## Cicala Explores Evolving Landscape Surrounding Basel III Capital Requirements in *American Banker*

In the News

04.15.2024

Stinson LLP Partner [Cris Cicala](#) authored an article for *American Banker*, "Basel delay won't diminish banks' appetite for synthetic risk transfers." Cicala examines the Federal Reserve Board's proposed shift away from Basel III endgame capital requirements and analyzes the criticism that prompted this change, highlighting the Fed's increased focus on a more measured regulatory approach.

"This is an excellent example of an independent agency understanding both the process and its varied constituents," Cicala writes. "The Federal Reserve Board is trying to strike a balance that minimizes risk-taking – thereby ensuring the resilience of the banking system – while preserving market liquidity, even if it means going back to the drawing board."

Cicala says, as written, Basel III endgame requirements will impede banks' ability to generate new business and negatively impact consumers. He explores recent actions from the Fed regarding synthetic risk transfers and credit-linked notes, providing insight into the debate surrounding their use and analyzing how the Fed's position brings the U.S. banking system in line with peer markets.

With Basel III endgame requirements delayed, Cicala says the question becomes whether banks will pursue credit-linked notes and synthetic risk transfers as aggressively as was anticipated earlier this year, as some banks will want to wait for new capital rules before taking action.

Cicala says there is a very good chance there will still be some increase in the Basel III capital requirements. "Given the likely increase and the huge appetite for SRTs right now, banks will have an incentive to complete these deals beyond just capital relief," he says.

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A finance, banking and corporate attorney with more than two decades of both domestic and international experience, Cicala focuses his multifaceted practice on providing financial institutions, corporations, private equity and credit funds, real estate developers, media companies and entrepreneurs with practical and strategic legal advice.

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