I want to express my concern about the proposed capital rule, the current capital rule(s) established in §§ 4611/2/3 are not proven to be wrong, the boards of the companies agreed voluntary to conservatorship, so it is not proven the companies need more capital, especially because the companies were not notified it had reached the critical level (§ 4613) only because of the actions FHFA made It became insolvent.

The conservatorship started before the companies could react to the (unproven) change from § 4612 to § 4613, if a new capital rule would come out, it would be “If you can't win the game, change the rules” so it must be determined what exactly made it necessary to put the companies into conservatorship that allows a conservator to circumvent §§ 4611/2/3, as the conservator in the new capital rule could also circumvent the new rules.

Link to the current rules I visited:

<https://www.law.cornell.edu/uscode/text/12/chapter-46/subchapter-II>

1. [§ 4611. Risk-based capital levels for regulated entities](https://www.law.cornell.edu/uscode/text/12/4611)
2. [§ 4612. Minimum capital levels](https://www.law.cornell.edu/uscode/text/12/4612)
3. [§ 4613. Critical capital levels](https://www.law.cornell.edu/uscode/text/12/4613)
4. [§ 4614. Capital classifications](https://www.law.cornell.edu/uscode/text/12/4614)
5. [§ 4615. Supervisory actions applicable to undercapitalized regulated entities](https://www.law.cornell.edu/uscode/text/12/4615)
6. [§ 4616. Supervisory actions applicable to significantly undercapitalized regulated entities](https://www.law.cornell.edu/uscode/text/12/4616)
7. [§ 4617. Authority over critically undercapitalized regulated entities](https://www.law.cornell.edu/uscode/text/12/4617)
8. [§ 4618. Notice of classification and enforcement action](https://www.law.cornell.edu/uscode/text/12/4618)
9. [§§ 4619 to 4621. Repealed. Pub. L. 110–289, div. A, title I, § 1145(b)(4), July 30, 2008, 122 Stat. 2767](https://www.law.cornell.edu/uscode/text/12/4619)
10. [§ 4622. Capital restoration plans](https://www.law.cornell.edu/uscode/text/12/4622)
11. [§ 4623. Judicial review of Director action](https://www.law.cornell.edu/uscode/text/12/4623)
12. [§ 4624. Reviews of enterprise assets and liabilities](https://www.law.cornell.edu/uscode/text/12/4624)

The current capital rule(s) from 1992 <https://www.govinfo.gov/link/statute/106/3976>

Gives in simplified form:

1. Critical capital rule 1.25% <https://www.law.cornell.edu/uscode/text/12/4613>
2. Minimum capital levels 2.5% <https://www.law.cornell.edu/uscode/text/12/4612>
3. Risk-based capital levels 2.8% <https://www.law.cornell.edu/uscode/text/12/4611>

Then on [07/17/2018](https://www.federalregister.gov/documents/2018/07/17) the Re-proposed capital rule by the prior administration that would if implemented say as of september 30, 2017:

1) Critical capital rule 1.25% (Not mentioned so it is not touched)

2) Minimum capital levels 2.5%

3) Risk based Capital (excessive overly regulated invisible % not determined)

<https://thefederalregister.org/83-FR/33312/2018-14255.pdf>

The now new Re-Re-proposed rule under:

<https://www.fhfa.gov/SupervisionRegulation/Rules/RuleDocuments/Ent-Reg-Capital-Frmwk-NPR-Updated-Vsn.pdf>

Makes in the 424 page document clear that §§ 4611/2/3 are no longer applicable to the current risk the companies have, however from 1992 upto September 2017 the current rule from 1992 was sufficient, in 2008 FHFA suspended this rule, but only came in 2018 (a decade later) with a proposed change, from that we must conclude, the necessity to implement a now new Re-Re-proposed rule was absent for most of the last decade, in the later part of the decade the companies became profitable, but the main reason to revisit the current 1992 rule was not visited in 2008 when the FHFA and BOD consented to voluntary conservatorship, it is therefore an unproven fact the rules §§ 4611/2/3 need to be changed and it again look like “If you can't win the game, change the rules”

Complex

The new proposed rule also makes a very complex and unnecessary assumption the companies need a very large amount of money to battle the next crisis, this is dangerous because this amount differs from the stress test amount on which most people rely on in turmoil circumstances, this stress test amount makes it possible to compare companies with each other, it should be instantly know like in §§ 4611/2/3 what the capital buffers should be out of transparency reason, if it takes too many factors it will not be visible to the market what the condition of the companies is especially when these factors change overnight. The new Re-proposed rule blurred the reason why it should be implemented, and breaks down the transparency of the capital needed in stress situations

Message to the market

The current rules on capital for the enterprises are clear and bolt, and because the current rules were not visited in the 2008 conservatorship, they should not be changed, the companies need to be released because they are profitable again, and after the release a new capital rule could be proposed if circumstances demand that change