

February 28, 2024

The President
The White House
Washington, DC 20050

Dear Mr. President:

The undersigned chambers of commerce and businesses across the United States are concerned about the proposed rule known as the “Basel III Endgame” that would substantially increase capital requirements on covered U.S. banks and make capital and credit more expensive for businesses of all shapes and sizes. Small and mid-size businesses, who are the drivers of economic growth, are more reliant on bank financing than other sectors of the economy. If enacted, the Basel III Endgame rule would make financing prohibitively expensive for businesses in the midst of an already challenging environment.

We ask that you urge federal banking regulators to study the costs of and then repropose the Basel III Endgame rule given it stands to hamstring access to capital and credit, the essential lifeblood that fuels the vitality of every business.

A recent Chamber survey of 300 treasurers and financial decision-makers revealed that **68%** of business owners believe that a net increase in bank capital requirements could be detrimental to their business. Furthermore, the survey found that an alarming **87%** of businesses have been negatively impacted by cost increases resulting from financial regulation, including **46%** of companies that have delayed or canceled planned investments or capital expenditures due to financial regulations.¹

Small businesses could see the most adverse impacts under the Basel III Endgame rule. Notably, companies that are not publicly traded are disproportionately affected through higher assigned risk weights relative to publicly traded competitors, despite similarly strong credit quality, requiring banks to hold additional capital on the loans made to small businesses. Approximately 99 percent of all U.S. companies are privately held and employ roughly half of all private sector employees. One of the main reasons small businesses take on loans is to hire and retain workers. Higher capital requirements will likely lead to increased borrowing rates for privately held businesses, hurting their ability to hire workers and make investments. These costs could in turn be passed on to consumers and put downward pressure on economic growth and employment. Other parts of the rule, particularly the capital requirement for operational risk, will also have adverse downstream impacts on small businesses’ ability to access credit and wealth management services.

Policymakers must carefully consider the potential adverse effects of the Basel III Endgame rule, especially for the small business customers of banks. We implore policymakers to refrain from advancing a rule that will further constrain small businesses and further complicate an already challenging economic environment.

Thank you for your consideration and we stand ready to discuss these issues in greater detail.

Sincerely,

¹ U.S. Chamber of Commerce, How Business Views Financial Challenges: Basel III & Beyond (October 2023), https://www.uschamber.com/assets/documents/CCMC_Survey-FinancialChallenges_Fall2023.pdf

National

The U.S. Chamber of Commerce

Alabama

Business Council of Alabama

Arizona

Apache Junction Area Chamber of Commerce
Arizona Chamber of Commerce & Industry
Chandler Chamber of Commerce
Greater Flagstaff Chamber of Commerce
Greater Phoenix Chamber
Lake Havasu Area Chamber of Commerce
Mesa Chamber of Commerce
Nogales Santa Cruz County Chamber of Commerce
Nogales-Santa Cruz County Chamber of Commerce
Queen Creek Chamber of Commerce
Tucson Metro Chamber

California

Antelope Valley Chambers of Commerce
Buellton Chamber of Commerce
California Business Roundtable
Carlsbad Chamber of Commerce
La Verne Chamber of Commerce
LA Area Chamber of Commerce
Long Beach Area Chamber of Commerce
Murrieta/Wildomar Chamber of Commerce
Oceanside Chamber of Commerce
Palos Verdes Peninsula Chamber of Commerce
San Francisco Chamber of Commerce
Silicon Valley Leadership Group
Simi Valley Chamber of Commerce
Torrance Area Chamber of Commerce
Yorba Linda Chamber of Commerce

Colorado

National US India Chamber of Commerce
Vail Valley Partnership

Delaware

Delaware State Chamber of Commerce
The New Castle County Chamber of Commerce (Delaware)

District of Columbia

DC Chamber of Commerce
Independent Petroleum Association of America

Florida

Florida Chamber of Commerce

Georgia

Georgia Chamber of Commerce
Metro Atlanta Chamber

Idaho

Boise Metro Chamber of Commerce
Jerome Chamber of Commerce

Illinois

Chamber630
Edwardsville/Glen Carbon Chamber of Commerce
Greater Rockford Chamber of Commerce
Joliet Region Chamber of Commerce & Industry
The Greater Springfield Chamber of Commerce
West Suburban Chamber of Commerce & Industry

Indiana

Indiana Chamber of Commerce
South Bend Regional Chamber

Iowa

Quad Cities Chamber of Commerce

Kansas

Greater Topeka Chamber

Kentucky

Greater Louisville Inc. -The Metro Chamber of Commerce
Kentucky Chamber of Commerce

Maine

Barry County Chamber and Economic Development Alliance

Maryland

Harford County Chamber of Commerce
Maryland Chamber of Commerce

Michigan

Battle Creek Area Chamber of Commerce
Detroit Regional Chamber
Michigan Chamber of Commerce
Oscoda AuSable Chamber of Commerce

Minnesota

Minneapolis Regional Chamber
Minnesota Chamber of Commerce
St. Paul Area Chamber

Montana

Helena Area Chamber of Commerce
Montana Chamber of Commerce

Nevada

Henderson Chamber of Commerce
Vegas Chamber

New Jersey

New Jersey State Chamber of Commerce

New York

Brooklyn Chamber of Commerce
Capital Region Chamber
Manhattan Chamber of Commerce
The Business Council of New York State

North Carolina

NC Chamber

North Dakota

Greater North Dakota Chamber

Ohio

Ohio Chamber of Commerce
Willard area chamber of commerce

Oregon

Canby Area Chamber of Commerce
Gresham Area Chamber of Commerce
Keizer Chamber of Commerce
Lake County Chamber of Commerce
Lincoln City Chamber of Commerce
Oregon Business & Industry
Portland Metro Chamber
Roseburg Area Chamber of Commerce

Pennsylvania

Greater Latrobe Laurel-Valley Regional Chamber of Commerce
Hanover Area Chamber of Commerce
Huntingdon County Chamber of Commerce
Mercer Area Chamber of Commerce
Pennsylvania Chamber of Business and Industry
Schuylkill Chamber of Commerce

Texas

Coppell Chamber of Commerce

Virginia

Virginia Chamber of Commerce

Washington

Association of Washington Business
Burlington Chamber of Commerce
Greater Spokane Valley Chamber of Commerce
La Conner Chamber of Commerce
Mercer Island Chamber of Commerce
Moses Lake Chamber of Commerce
Puyallup Sumner Chamber
Shelton-Mason County Chamber of Commerce

Wisconsin

Wisconsin Manufacturers & Commerce

Wyoming

Campbell County Chamber of Commerce

Casper Area Chamber of Commerce

Riverton Chamber and Visitors Center

Wyoming State Chamber of Commerce