



Federal Financial Analytics, Inc.

Petrou Comment on Impact of Wednesday's Liquidity, Leverage Rules

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In anticipation of U.S. regulatory action tomorrow on new liquidity and leverage standards, Karen Shaw Petrou, managing partner of Federal Financial Analytics, has the following comment:

“The combination of the new liquidity rules and tough leverage standards may well make some big U.S. banks a lot safer, but it will also exacerbate the growing shortages of high-quality assets. This, combined with new capital pressures, will lead some banks to balance out all these standards and, in hopes of still meeting shareholder demands, to hold larger books of far higher-risk assets to compensate for the tough new rules.”

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