

BUSINESS & FINANCE

Banks Sue Fed Over Stress Testing

Suit complains of lack of transparency; Fed says it plans overhaul of process

By ALEXANDER SAEEDY

Trade groups representing the country’s biggest banks sued the Federal Reserve on Tuesday, accusing it of using an opaque process to test banks’ resiliency during annual stress tests.

“The Board’s lack of transparency results in significant and unpredictable volatility in banks’ capital requirements,” the lawsuit said.

The lawsuit comes a day after the Federal Reserve said it was overhauling the stress test regime for banks and planned to seek public comment on planned changes in early 2025.

The trade groups, which include banks such as **JPMorgan Chase**, **Bank of America** and **Citigroup**, said a statute of limitations to change the stress-test rules expires in February, and they filed a lawsuit in Ohio to preserve their legal rights.

The groups said they can’t be certain that the Fed’s “recently announced reforms will provide a timely remedy to the harms arising under the current system.”

Since the 2008 financial



The Trump transition team has started to explore paths to shrinking top bank watchdogs.

crisis, banks have faced a litany of new capital requirements and tests to ensure that the banking system is safe.

However, bank executives such as JPMorgan Chase Chief Executive Jamie Dimon and Bank of America CEO Brian Moynihan have said for years that the rules go too far and create new systemic risks by pushing financial activity out-

side of banks into less-transparent markets.

Stress tests measure how banks would do in an adverse economic downturn, and regulators can require banks to add more capital if they don’t perform well. In their suit, the banks say they don’t want to do away with stress testing but rather ensure that bank capital requirements are es-

tablished in a transparent manner.

Stress tests can result in “billions of dollars in unexpected capital burdens on individual banks with no evident reason, and with adverse effects on the economy as a whole,” the lawsuit reads.

It is unclear how the incoming Trump administration could influence how the Fed

approaches stress tests and bank regulations writ large. While incoming presidents don’t typically have the power to replace Fed officials, some Trump allies have suggested the rules are legally murky.

The Fed’s current top banking cop, Michael Barr, was an architect of a plan to raise the amount of capital big banks are required to hold.

The Fed in the fall backpedaled on the plan after intense pushback from the industry. Barr’s current term expires in 2026.

The Trump transition team also has started to explore pathways to shrink, consolidate or even eliminate the top bank watchdogs in Washington.

The Fed in its Monday announcement said it is considering a revised system in which the models it uses would be open to public comment, as would the hypothetical stress-test scenarios used each year.

Some groups think the Federal Reserve shouldn’t amend the stress-test regime.

“The Fed all but stated it intends to give the Wall Street banks the keys to the stress tests, almost certainly making them largely predictable, highly gameable and very favorable,” said Dennis Kelleher, president of Better Markets, a left-leaning economics think tank.

Thai Oil Giant Sets Investment Plans for Overseas

By TRACY QU

Thai oil-and-gas giant **PTT Exploration & Production** plans to invest \$5.3 billion to boost key assets and speed up its overseas development projects in 2025.

The moves are part of a \$21.2 billion capital-expenditure target over the next five years that includes launching new businesses to support a transition to cleaner energy.

The state-run company said in a filing to the local market on Friday that it will focus its capital spending next year on maximizing production from assets in Thailand and overseas markets including Myanmar, Oman and Malaysia.

The company also plans to accelerate the development of projects in Abu Dhabi, Mozambique and other locations.

In addition, it is targeting \$2.52 billion in operating expenses, taking total spending for the year to \$7.82 billion. Over the next five years, PTTEP said it plans on combined investment and operating expenditure of \$33.6 billion.

PTTEP said it expects an average petroleum sales volume of 507,000 barrels of oil equivalent a day in 2025, rising to 541,000 barrels of oil equivalent a day in 2026.

It is planning to allocate a provisional budget of \$1.75 billion over five years for projects in wind, carbon capture and storage as a service, hydrogen, and corporate venture capital.

PTTEP trades in Bangkok, and its shares also trade over the counter in New York.



A DexCom glucose-monitoring system.

DexCom, Abbott Settle

By CONNOR HART

DexCom and Abbott Diabetes Care entered a settlement and patent cross-license agreement, resolving all outstanding litigation between the two.

The companies have been involved in global patent litigation, with both having accused the other of infringing certain patents, and each has filed counterclaims and actions to

invalidate the other party’s patents, DexCom said in a Securities and Exchange Commission filing Monday.

Last Friday, the companies entered a settlement, under which both granted the other “a worldwide, royalty-free, non-exclusive, fully paid-up license to certain patents and patent applications relating to analyte sensing.” This license extends to all the patents as-

serted in the litigation, DexCom said.

Also under the terms of the settlement, which doesn’t obligate either company to pay royalties or any other form of financial compensation, both parties agreed to not sue until Dec. 20, 2034, and won’t challenge the patents and patent applications licensed under the agreement, according to DexCom.

Steel Deal Sent to Biden

By KOSAKU NARIOKA

Nippon Steel’s plan to acquire **U.S. Steel** has been referred to President Biden after a government panel reviewing the plan failed to reach a consensus.

The Japanese steelmaker said Tuesday that it had been informed of the matter by the Committee on Foreign Investment in the U.S., which reviews foreign investments in the U.S. for national-security risks.

Nippon Steel said it is confident that the transaction should be approved if it is fairly evaluated on its merits.

Nippon Steel urged the U.S. president to reflect on the steps the company has taken to address national-security concerns and the significant commitments it has made to grow U.S. Steel and protect American jobs. The company has pledged to invest \$2.7 billion in U.S. Steel’s older plants.

U.S. Steel also noted the CFIUS’s lack of consensus and said the acquisition by the steelmaker, based in one of the U.S.’s closest allies, would enhance U.S. national and economic security and forge an alliance in steel to combat the competitive threat from China.

“It is our hope that Presi-

dent Biden will do the right thing,” U.S. Steel said.

While Biden has yet to formally block the takeover, the White House has reiterated his position that U.S. Steel should be domestically owned and operated.

President-elect Donald Trump has similarly rejected the Pittsburgh-based company’s sale to a foreign company.

The announcement of the \$14.1 billion deal last December followed months of bidding from several suitors for U.S. Steel, including the company’s main rival, **Cleveland-Cliffs**.



Coal is moved near the U.S. Steel Clairton Coke Works facility in Clairton, Pa.

Truth Social Stake Goes to a Trust

By DEAN SEAL

Donald Trump has transferred all 114.75 million of his shares in **Trump Media & Technology**, Truth Social’s parent company, to a revocable trust in his control.

Securities filings last week show the president-elect giv-

ing the stake, valued at more than \$4 billion, to the Donald J. Trump Revocable Trust last week for no consideration.

Trump then received the stake as the director and beneficial owner of the trust, according to another filing, which lists him as an “indi-

rect” owner of the shares.

The shares represent more than half the company’s total float.

The stock has more than doubled year-to-date, having surged around the time of the election when traders viewed it as a way to bet on a Trump win.

Who’s Who of Distinguished Leaders: 2024 Honorees

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