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## Regulatory Capital Rule: Temporary Exclusion of U.S. Treasury Securities and Deposits at Federal Reserve Banks from the Supplementary Leverage Ratio

Federal Reserve System: Board of Governors

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## **FEDERAL RESERVE SYSTEM**

### **12 CFR Part 217**

**Regulations Q; Docket No. R-1707; RIN 7100-AF81**

### **Regulatory Capital Rule: Temporary Exclusion of U.S. Treasury Securities and Deposits at Federal Reserve Banks from the Supplementary Leverage Ratio**

**AGENCY:** Board of Governors of the Federal Reserve System (Board).

**ACTION:** Interim final rule and request for comment.

**SUMMARY:** In light of recent disruptions in economic conditions caused by the coronavirus disease 2019 (COVID-19) and current strains in U.S. financial markets, the Board is issuing an interim final rule that revises, on a temporary basis for bank holding companies, savings and loan holding companies, and U.S. intermediate holding companies of foreign banking organizations, the calculation of total leverage exposure, the denominator of the supplementary leverage ratio in the Board's capital rule, to exclude the on-balance sheet amounts of U.S. Treasury securities and deposits at Federal Reserve Banks. This exclusion has immediate effect and will remain in effect through March 31, 2021. The Board is adopting this interim final rule to allow bank holding companies, savings and loan holding companies, and intermediate holding companies subject to the supplementary leverage ratio increased flexibility to continue to act as financial intermediaries. The tier 1 leverage ratio is not affected by this rulemaking.

**DATES:** *Effective date:* The amendments are effective [DATE OF PUBLICATION IN THE FEDERAL REGISTER]. Comments on the interim final rule must be received no later than [45 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

**ADDRESSES:**

You may submit comments, identified by Docket No. R-1707; RIN 7100-AF81, by any of the following methods:

- Agency website: <http://www.federalreserve.gov>. Follow the instructions for submitting comments at <http://www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm>.
- E-mail: [regs.comments@federalreserve.gov](mailto:regs.comments@federalreserve.gov). Include docket and RIN numbers in the subject line of the message.
- FAX: (202) 452-3819 or (202) 452-3102.
- Mail: Ann E. Misback, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, NW, Washington, DC 20551.

All public comments will be made available on the Board's web site at <http://www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm> as submitted, unless modified for technical reasons or to remove personally identifiable information at the commenter's request. Accordingly, comments will not be edited to remove any identifying or contact information. Public comments may also be viewed electronically or in paper in Room 146, 1709 New York Avenue, NW, Washington, DC 20006, between 9:00 a.m. and 5:00 p.m. on weekdays. For security reasons, the Board requires that visitors make an appointment to inspect comments. You may do so by calling (202) 452-3684.

**FOR FURTHER INFORMATION CONTACT:**

Anna Lee Hewko, Associate Director, (202) 530-6360; Constance Horsley, Deputy Associate Director, (202) 452-5239; Elizabeth MacDonald, Manager, (202) 475-6316; Sviatlana Phelan, Lead Financial Institution Policy Analyst, (202) 912-4306; or Christopher Appel, Senior Financial Institution Policy Analyst II, (202) 973-6862, Division of Supervision and Regulation; Benjamin McDonough, Assistant General Counsel, (202) 452-2036; Mark Buresh, Senior

Counsel, (202) 452-5270; Andrew Hartlage, Counsel, (202) 452-6483; Jeffery Zhang, Attorney, (202) 736-1968; or Jasmin Keskinen, Legal Assistant, (202) 475-6650, Legal Division, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, NW, Washington, DC 20551. Users of Telecommunication Device for Deaf (TDD) only, call (202) 263-4869.

## **SUPPLEMENTARY INFORMATION:**

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### **I. Background**

Recent events have significantly and adversely impacted global financial markets. The spread of the Coronavirus Disease 2019 (COVID-19) has slowed economic activity in many countries, including the United States. In particular, sudden disruptions in financial markets have caused banking organizations' balance sheets to expand due to customer draws on credit lines, acquisition of significant amounts of U.S. Treasury securities (Treasuries), as well as other

financial intermediary activities. As a result, banking organizations have been making substantial deposits in their accounts at Federal Reserve Banks (deposits at Federal Reserve Banks) and these trends are expected to continue to increase temporarily while banking organizations respond to disruptions in the financial markets.

For a bank holding company, savings and loan holding company, or U.S. intermediate holding company required to be established or designated under section 252.153 of the Board's Regulation YY (holding company) that is a global systemically important bank holding company (GSIB) or subject to Category II or Category III capital standards, the capital rule requires a minimum supplementary leverage ratio of 3 percent, measured as the ratio of a banking organization's tier 1 capital to its total leverage exposure.<sup>1</sup> Total leverage exposure, the denominator of the supplementary leverage ratio, includes certain off-balance sheet exposures in addition to on-balance sheet assets.

GSIBs also are subject to enhanced supplementary leverage ratio (eSLR) standards.<sup>2</sup> Under the eSLR, GSIB top-tier bank holding companies must maintain a supplementary leverage ratio greater than 3 percent plus a leverage buffer of 2 percent to avoid limitations on the banking organization's capital distributions and certain discretionary bonus payments.<sup>3</sup>

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<sup>1</sup> See 84 FR 59230 (Nov. 1, 2019). Holding companies that are subject to Category II standards include those with (1) at least \$700 billion in total consolidated assets or (2) at least \$75 billion in cross-jurisdictional activity and at least \$100 billion in total consolidated assets. Depository institution holding companies that are subject to Category III standards include those with (1) at least \$250 billion in average total consolidated assets or (2) at least \$100 billion in average total consolidated assets and at least \$75 billion in average total nonbank assets, average weighted short-term wholesale funding; or average off-balance sheet exposure. See 12 CFR 217.2. Depository institutions may also be subject to the supplementary leverage ratio.

<sup>2</sup> See 79 FR 24528 (May 1, 2014); 80 FR 49082 (August 14, 2015).

<sup>3</sup> GSIB depository institution subsidiaries must maintain a 6-percent supplementary leverage ratio to be considered "well capitalized" under the Board's prompt corrective action (PCA) framework. 79 FR 24528.

## **II. The Interim Final Rule**

In contrast to the risk-based capital requirements, a leverage ratio does not differentiate the amount of capital required by exposure type. Rather, a leverage ratio puts a simple and transparent lower bound on banking organization leverage. A leverage ratio protects against underestimation of risk both by banking organizations and by risk-based capital requirements and serves as a complement to risk-based capital requirements. Under the supplementary leverage ratio, banking organizations include all their on-balance sheet assets, including Treasuries and deposits at Federal Reserve Banks, in total leverage exposure.

The ability of institutions to hold certain assets, most notably deposits held at a Reserve Bank for a depository institution and Treasury securities, is essential to market functioning, financial intermediation, and funding market activity, particularly in periods of financial uncertainty. In response to volatility and market strains in recent weeks, the Federal Reserve has taken several actions to support market functioning and the flow of credit to the economy. The response to COVID-19 has notably increased the size of the Federal Reserve's balance sheet and resulted in a large increase in the amount of reserves in the banking system. The Federal Reserve's balance sheet will continue to expand in the near term, as asset purchases continue and recently-announced facilities to support the flow of credit to households and business begin operations. In addition, market participants have liquidated a high volume of assets and deposited the cash proceeds with banking organizations in recent weeks, further increasing the size of banking organizations' balance sheets.

Absent any adjustments, the resulting increase in the size of banking organizations' balance sheets may cause a sudden and significant increase in the regulatory capital needed to meet a holding company's supplementary leverage ratio requirement. This is particularly the

case for many holding companies subject to the supplementary leverage ratio, which are significant participants in financial intermediation services, including as primary dealers in the open market operations of the Federal Open Market Committee (FOMC) and as major custodians of securities.

The Federal Reserve's role in conducting monetary policy includes achieving rate control through open market operations of Treasury securities and supporting Treasury market functioning more broadly. A liquid and smooth functioning of the Treasury market is important to monetary policy implementation and financial stability. Open market operations have long been used to supply reserves to the banking system and to help control the federal funds rate and keep it in the target range set by the FOMC. Part of the crisis response in recent weeks has been a substantial increase in the size and frequency of open market operations.

In order to facilitate holding companies' significant increase in reserve balances resulting from the Federal Reserve's asset purchases and the establishment of various programs to support the flow of credit to the economy, as well as the need for these institutions to continue to accept exceptionally high levels of customer deposits, the Board is issuing this interim final rule to temporarily exclude Treasuries and deposits at Federal Reserve Banks from total leverage exposure for these institutions through March 31, 2021, as calculated under the Board's capital rule.<sup>4</sup> For purposes of reporting the supplementary leverage ratio as of June 30, 2020, banking

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<sup>4</sup> The Board, together with the Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation, recently issued a final rule, effective April 1, 2020, which implements section 402 of the Economic Growth, Regulatory Relief, and Consumer Protection Act by amending the capital rule to allow a banking organization that qualifies as a custodial banking organization to exclude from total leverage exposure deposits at qualifying central banks, subject to limits (402 rule). The 402 rule came into effect on April 1, 2020. Holding companies will be able to exclude deposits at Federal Reserve Banks from total leverage exposure under this interim final rule and those that are also custodial banking organizations will

organizations subject to this interim final rule must reflect the exclusion of Treasuries and deposits at Federal Reserve Banks from total leverage exposure, as if this interim final rule had been in effect for the entire second quarter of 2020. This will have the effect of reducing any constraint imposed by the supplementary leverage ratio on these exposures as these banking organizations respond to market disruptions. The Board is providing the temporary exclusion contained in the interim final rule in order to allow banking organizations to expand their balance sheets as appropriate to continue to serve as financial intermediaries, rather than to allow banking organizations to increase capital distributions, and will administer the interim final rule accordingly. This interim final rule does not affect the tier 1 leverage ratio, which will continue to serve as a backstop for all banking organizations subject to the capital rule.<sup>5</sup>

The interim final rule revises the measure of total leverage exposure on a temporary basis for the limited purposes of the Board's capital rule and reporting the supplementary leverage ratio on FR Y-9C only.<sup>6</sup> Currently, holding companies report their supplementary leverage ratios on Regulatory Capital Reporting for Institutions Subject to the Advanced Capital Adequacy Framework (FFIEC 101), Schedule A; and the Board's FR Y-9C report, Schedule

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also be able to exclude the lesser of deposits at foreign qualifying central banks and amount of funds in deposit accounts at the custodial banking organization that are linked to fiduciary or custodial and safekeeping accounts at the custodial banking organization.

<sup>5</sup> The tier 1 leverage ratio measures the ratio of tier 1 capital to average total consolidated assets. Banking organizations subject to the capital rule must maintain a minimum tier 1 leverage ratio of 4 percent.

<sup>6</sup> This interim final rule will also impact the requirements of the Board's total loss-absorbing capacity rule. Specifically, the minimum total loss-absorbing capacity and long-term debt requirements based on total leverage exposure will be impacted by the interim final rule's exclusion of assets from total leverage exposure. See 12 CFR part 252, subparts G and P.



HC-R.<sup>7</sup> This rule does not affect the reporting of the supplementary leverage ratio on the interagency FFIEC reporting schedules. The Board is making conforming changes to the Board's Y-9C to reflect the interim final rule's revisions to the supplementary leverage ratio. In addition, the interim final rule provides for the necessary modifications of the disclosure requirements of section 173 of the capital rule, as applicable to holding companies, to reflect the exclusion provided by the interim final rule. The Board also is revising the FR Y-15 to prevent the interim final rule's temporary exclusions from total leverage exposure from impacting the measurement of the size systemic indicator. The changes to the Board's information collections are described in the Paperwork Reduction Act discussion below.

The Board seeks comment on all aspects of this interim final rule.

*Question 1: Discuss the advantages and disadvantages of removing Treasuries and deposits at Federal Reserve Banks from total leverage exposure. How does the interim final rule support the objectives of facilitating financial intermediation by banking organizations? What other steps could be taken to support this objective in the current environment? How does the interim final rule impact the concurrent objective of safety and soundness? Is the end date of March 31, 2021, for the exclusion under the interim final rule consistent with the objectives of the rule or should an earlier or a later end date be used instead, and, if so, why?*

*Question 2: What additional assets or exposure types should the Board consider to exclude temporarily from total leverage exposure in order to achieve the interim final rule's objectives? For example, should the Board exclude deposits at certain foreign central banks, foreign sovereign debt instruments, or exposures guaranteed by the U.S. federal government*

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<sup>7</sup> Banking organizations that are required to submit the FR Y-14A on April 6, 2020, have the option to include these changes in their stress test results, for purposes of their projections in the second quarter of 2020 through the first quarter of 2021.

*and, if yes, why? Should the Board exclude any specific repo-style transactions that would support banking organizations' role as financial intermediaries, and, if yes, why?*

*Question 3: The interim final rule modifies the supplementary leverage ratio for purposes of the Board's capital rule and, indirectly, other rules including the Board's total loss-absorbing capacity rule, but includes revisions to the Board's FR Y-15 so that the size systemic indicator is not impacted by this interim final rule. What would be the advantages and disadvantages of the Board temporarily excluding Treasuries and deposits at Federal Reserve Banks from the size systemic indicator on the FR Y-15?*

### **III. Impact Assessment**

In the past, the supplementary leverage ratio requirement has not prevented banking organizations from supporting the orderly functioning of the Treasury market or serving as financial intermediaries. However, as a result of the ongoing COVID-19 crisis, stress has materialized in numerous financial markets. In particular, liquidity conditions in the Treasury market have deteriorated in past weeks, evidenced by widening bid-ask spreads that remain elevated despite increased open market operations by the Federal Reserve. Large holding companies have cited balance sheet constraints for their broker-dealer subsidiaries as an obstacle to supporting the Treasury market. Specifically, the supplementary leverage ratio can limit holding companies' ability to own Treasuries outright as well as to increase deposits at the Federal Reserve Banks.

Temporarily excluding Treasuries and deposits at Federal Reserve Banks from the denominator of the supplementary leverage ratio increases leverage exposure capacity of a banking organizations. In particular, using data from the fourth quarter of 2019, the Board expects that the interim final rule would temporarily decrease binding tier 1 capital requirements

by around \$17 billion for bank holding companies.<sup>8</sup> This impact assessment does not take into account the exclusion of qualifying central bank deposits for custodial banking organizations as outlined in Section 402 in EGRRCPA.<sup>9</sup> Beginning April 1, 2020, custodial banking organizations will also be able to exclude deposits with qualifying foreign central banks subject to the limits in Section 402, in addition to the deductions under this rule. In light of the proposed exclusions under this rule, this temporary reduction in capital requirements is expected to increase leverage exposure capacity at holding companies by around \$1.6 trillion. In particular, the Board expects that the increase in leverage exposure capacity will facilitate intermediation by broker-dealer subsidiaries of bank holding companies and therefore increase liquidity in stressed financial markets. Similarly, the Board expects that the increase in leverage exposure capacity will facilitate increases in customer deposits at banking organizations subject to the interim final rule, and therefore ensure that these banking organizations remain able to fulfill this important function.

Aside from increases in balance sheets caused by the recent volatility in Treasury markets, the balance sheets of banking organizations also have increased as households and businesses draw down credit lines and customer deposits increase. If holding companies become constrained by supplementary leverage ratio requirements, this could adversely affect their ability to intermediate financial markets and hamper their ability to provide lines of credit to households and businesses. Therefore, the temporary increase in leverage exposure capacity should have countercyclical benefits as it supports financial market liquidity and increases these banking organizations' lending capacities in a time of unprecedented economic distress.

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<sup>8</sup> The interim final rule would reduce the amount of tier 1 capital required to meet the supplementary leverage ratio requirements by around \$76 billion at holding companies.

<sup>9</sup> 85 FR 4569 (January 27, 2020).

Although a temporary increase in leverage exposure capacity could lead to an increase in overall leverage in the banking system, the exclusion of Treasuries and deposits at Federal Reserve Banks will help alleviate ongoing stresses on the financial system and the real economy arising from COVID-19. As Treasuries and deposits at Federal Reserve banks are free of credit risk, their exclusion will also not incentivize risk-taking by banking organizations. The Board will closely monitor the balance sheets of banking organizations subject to the interim final rule in the coming months with a particular view toward any resulting increase in risks. In addition, the tier 1 leverage ratio will continue to act as a backstop for all bank holding companies and savings and loan holding companies subject to the capital rule.

#### **IV. Administrative Law Matters**

##### ***A. Administrative Procedure Act***

The Board is issuing the interim final rule without prior notice and the opportunity for public comment and the delayed effective date ordinarily prescribed by the Administrative Procedure Act (APA).<sup>10</sup> Pursuant to section 553(b)(3)(B) of the APA, general notice and the opportunity for public comment are not required with respect to a rulemaking when an “agency for good cause finds (and incorporates the finding and a brief statement of reasons therefor in the rules issued) that notice and public procedure thereon are impracticable, unnecessary, or contrary to the public interest.”<sup>11</sup>

The Board believes that the public interest is best served by implementing the interim final rule immediately upon publication in the Federal Register. As discussed above, the spread of COVID-19 has slowed economic activity in many countries, including the United States.

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<sup>10</sup> 5 U.S.C. 553.

<sup>11</sup> 5 U.S.C. 553(b)(3)(B).

Specifically, the significant and sudden disruptions in financial markets have caused banking organizations to receive inflows of deposits—contributing to the increase of deposits at Federal Reserve Banks—and to acquire significant amounts of Treasuries. These deposits at Federal Reserve Banks and Treasuries are essential to the normal functioning of the financial sector, especially in times of stress. If holding companies cannot sustain the rapid increase in deposits at Federal Reserve Banks and Treasuries, the financial sector would experience a marked decline in financial intermediation and a further increase in general market volatility. Because the rule will mitigate these potential negative effects, the Board finds that there is good cause consistent with the public interest to issue the rule without advance notice and comment.<sup>12</sup>

The APA also requires a 30-day delayed effective date, except for (1) substantive rules which grant or recognize an exemption or relieve a restriction; (2) interpretative rules and statements of policy; or (3) as otherwise provided by the agency for good cause.<sup>13</sup> Because the rules relieve a restriction, the interim final rule is exempt from the APA’s delayed effective date requirement.<sup>14</sup>

While the Board believes that there is good cause to issue the rule without advance notice and comment and with an immediate effective date, the Board is interested in the views of the public and requests comment on all aspects of the interim final rule.

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<sup>12</sup> 5 U.S.C. 553(b)(3)(B); 553(d)(3).

<sup>13</sup> 5 U.S.C. 553(d).

<sup>14</sup> 5 U.S.C. 553(d)(1).

## ***B. Congressional Review Act***

For purposes of Congressional Review Act, the OMB makes a determination as to whether a final rule constitutes a “major” rule.<sup>15</sup> If a rule is deemed a “major rule” by the Office of Management and Budget (OMB), the Congressional Review Act generally provides that the rule may not take effect until at least 60 days following its publication.<sup>16</sup>

The Congressional Review Act defines a “major rule” as any rule that the Administrator of the Office of Information and Regulatory Affairs of the OMB finds has resulted in or is likely to result in (A) an annual effect on the economy of \$100,000,000 or more; (B) a major increase in costs or prices for consumers, individual industries, Federal, State, or local government agencies or geographic regions, or (C) significant adverse effects on competition, employment, investment, productivity, innovation, or on the ability of United States–based enterprises to compete with foreign-based enterprises in domestic and export markets.<sup>17</sup>

For the same reasons set forth above, the Board is adopting the interim final rule without the delayed effective date generally prescribed under the Congressional Review Act. The delayed effective date required by the Congressional Review Act does not apply to any rule for which an agency for good cause finds (and incorporates the finding and a brief statement of reasons therefor in the rule issued) that notice and public procedure thereon are impracticable, unnecessary, or contrary to the public interest.<sup>18</sup> In light of current market uncertainty, the Board believes that delaying the effective date of the rule would be contrary to the public interest.

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<sup>15</sup> 5 U.S.C. 801 et seq.

<sup>16</sup> 5 U.S.C. 801(a)(3).

<sup>17</sup> 5 U.S.C. 804(2).

<sup>18</sup> 5 U.S.C. 808.

As required by the Congressional Review Act, the Board will submit the final rule and other appropriate reports to Congress and the Government Accountability Office for review.

***C. Paperwork Reduction Act***

The Paperwork Reduction Act of 1995 (44 U.S.C. 3501–3521) (PRA) states that no agency may conduct or sponsor, nor is the respondent required to respond to, an information collection unless it displays a currently valid OMB control number. The Board has reviewed this interim final rule pursuant to authority delegated by the OMB.

The Board has temporarily revised certain reporting forms to accurately reflect various aspects of this interim final rule. These reporting forms are the Financial Statements for Holding Companies (FR Y-9C; OMB No. 7100-0128), the Capital Assessments and Stress Testing reports (FR Y-14A/Q/M; OMB No. 7100-0341), and the Banking Organization Systemic Risk Report (FR Y-15, OMB No. 7100-0352). The Board also has temporarily revised the Recordkeeping and Disclosure Requirements Associated with Regulation Q (FR Q; OMB No. 7100-0313). On June 15, 1984, OMB delegated to the Board authority under the PRA to temporarily approve a revision to a collection of information without providing opportunity for public comment if the Board determines that a change in an existing collection must be instituted quickly and that public participation in the approval process would defeat the purpose of the collection or substantially interfere with the Board's ability to perform its statutory obligation.

The Board's delegated authority requires that the Board, after temporarily approving a collection, solicit public comment to extend information collections for a period not to exceed three years. Therefore, the Board is inviting comment to extend each of these information collections for three years, with the revisions discussed below.

The Board invites public comment on the following information collections, which are being reviewed under authority delegated by the OMB under the PRA. Comments must be submitted on or before [insert date 60 days after date of publication in the Federal Register].

Comments are invited on the following:

- a. Whether the collections of information is necessary for the proper performance of the Board's functions, including whether the information has practical utility;
- b. The accuracy of the Board's estimate of the burden of the information collections, including the validity of the methodology and assumptions used;
- c. Ways to enhance the quality, utility, and clarity of the information to be collected;
- d. Ways to minimize the burden of information collections on respondents, including through the use of automated collection techniques or other forms of information technology; and
- e. Estimates of capital or startup costs and costs of operation, maintenance, and purchase of services to provide information.

At the end of the comment period, the comments and recommendations received will be analyzed to determine the extent to which the Board should modify the collection..

**Final Approval under OMB Delegated Authority of the Temporary Revision of, and Proposal to Extend for Three Years, With Revision, of the Following Information Collections:**

*Report Title:* Financial Statements for Holding Companies.

*Agency form number:* FR Y-9C, FR Y-9LP, FR Y-9SP, FR Y-9ES, and FR Y-9CS.

*OMB control number:* 7100-0128.

*Effective Date:* June 30, 2020.



*Frequency:* Quarterly, semiannually, and annually.

*Respondents:* Bank holding companies, savings and loan holding companies, securities holding companies, and U.S. intermediate holding companies (collectively, HCs).

*Estimated number of respondents:* FR Y-9C (non-advanced approaches HCs with less than \$5 billion in total assets): 155; FR Y-9C (non-advanced approaches HCs with \$5 billion or more in total assets): 189; FR Y-9C (advanced approaches HCs): 19; FR Y-9LP: 434; FR Y-9SP: 3,960; FR Y-9ES: 83; FR Y-9CS: 236.

*Estimated average hours per response:*

*Reporting*

FR Y-9C (non-advanced approaches HCs with less than \$5 billion in total assets): 40.48 hours; FR Y-9C (non-advanced approaches HCs with \$5 billion or more in total assets): 46.45 hours; FR Y-9C (advanced approaches HCs): 48.59 hours; FR Y-9LP: 5.27 hours; FR Y-9SP: 5.40 hours; FR Y-9ES: 0.50 hours; FR Y-9CS: 0.50 hours.

*Recordkeeping*

FR Y-9C (non-advanced approaches HCs with less than \$5 billion in total assets), FR Y-9C (non-advanced approaches HCs with \$5 billion or more in total assets), FR Y-9C (advanced approaches HCs), and FR Y-9LP: 1.00 hour; FR Y-9SP, FR Y-9ES, and FR Y-9CS: 0.50 hours.

*Estimated annual burden hours:*

*Reporting*

FR Y-9C (non-advanced approaches HCs with less than \$5 billion in total assets): 25,098 hours; FR Y-9C (non-advanced approaches HCs with \$5 billion or more in total assets): 35,116 hours; FR Y-9C (advanced approaches HCs): 3,693 hours; FR Y-9LP: 9,149 hours; FR Y-9SP: 42,768 hours; FR Y-9ES: 42 hours; FR Y-9CS: 472 hours.

### *Recordkeeping*

FR Y-9C (non-advanced approaches HCs with less than \$5 billion in total assets): 620 hours; FR Y-9C (non-advanced approaches HCs with \$5 billion or more in total assets): 756 hours; FR Y-9C (advanced approaches HCs): 76 hours; FR Y-9LP: 1,736 hours; FR Y-9SP: 3,960 hours; FR Y-9ES: 42 hours; FR Y-9CS: 472 hours.

### *General description of report:*

The FR Y-9C consists of standardized financial statements similar to the Call Reports filed by commercial banks.<sup>19</sup> The FR Y-9C collects consolidated data from HCs and is filed quarterly by top-tier HCs with total consolidated assets of \$3 billion or more.<sup>20</sup>

The FR Y-9LP, which collects parent company only financial data, must be submitted by each HC that files the FR Y-9C, as well as by each of its subsidiary HCs.<sup>21</sup> The report consists of standardized financial statements.

The FR Y-9SP is a parent company only financial statement filed semiannually by HCs with total consolidated assets of less than \$3 billion. In a banking organization with total consolidated assets of less than \$3 billion that has tiered HCs, each HC in the organization must submit, or have the top-tier HC submit on its behalf, a separate FR Y-9SP. This report is designed to obtain basic balance sheet and income data for the parent company, and data on its intangible assets and intercompany transactions.

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<sup>19</sup> The Call Reports consist of the Consolidated Reports of Condition and Income for a Bank with Domestic Offices Only and Total Assets Less Than \$5 Billion (FFIEC 051), the Consolidated Reports of Condition and Income for a Bank with Domestic Offices Only (FFIEC 041) and the Consolidated Reports of Condition and Income for a Bank with Domestic and Foreign Offices (FFIEC 031).

<sup>20</sup> Under certain circumstances described in the FR Y-9C's General Instructions, HCs with assets under \$3 billion may be required to file the FR Y-9C.

<sup>21</sup> A top-tier HC may submit a separate FR Y-9LP on behalf of each of its lower-tier HCs.

The FR Y-9ES is filed annually by each employee stock ownership plan (ESOP) that is also an HC. The report collects financial data on the ESOP's benefit plan activities. The FR Y-9ES consists of four schedules: a Statement of Changes in Net Assets Available for Benefits, a Statement of Net Assets Available for Benefits, Memoranda, and Notes to the Financial Statements.

The FR Y-9CS is a free-form voluntary supplemental report that the Board may utilize to collect critical additional data deemed to be needed in an expedited manner from HCs on a voluntary basis. The data are used to assess and monitor emerging issues related to HCs, and the report is intended to supplement the other FR Y-9 reports. The data items included on the FR Y-9CS may change as needed.

*Legal authorization and confidentiality:* The Board has the authority to impose the reporting and recordkeeping requirements associated with the Y-9 family of reports on bank holding companies ("BHCs") pursuant to section 5 of the Bank Holding Company Act ("BHC Act") (12 U.S.C. 1844); on savings and loan holding companies pursuant to section 10(b)(2) and (3) of the Home Owners' Loan Act (12 U.S.C. 1467a(b)(2) and (3)); on U.S. intermediate holding companies ("U.S. IHCs") pursuant to section 5 of the BHC Act (12 U.S.C. 1844), as well as pursuant to sections 102(a)(1) and 165 of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act") (12 U.S.C. 511(a)(1) and 5365); and on securities holding companies pursuant to section 618 of the Dodd-Frank Act (12 U.S.C. 1850a(c)(1)(A)). The FR Y-9 series of reports, and the recordkeeping requirements set forth in the respective instructions to each report, are mandatory, except for the FR Y-9CS, which is voluntary.

With respect to the FR Y-9C, Schedule HI's memoranda item 7(g), Schedule HC-P's item 7(a), and Schedule HC-P's item 7(b) are considered confidential commercial and financial

information under exemption 4 of the Freedom of Information Act (“FOIA”) (5 U.S.C. 552(b)(4)), as is Schedule HC’s memorandum item 2.b. for both the FR Y-9C and FR Y-9SP reports.

Aside from the data items described above, the remaining data items on the FR Y-9 reports are generally not accorded confidential treatment. As provided in the Board’s Rules Regarding Availability of Information (12 CFR part 261), however, a respondent may request confidential treatment for any data items the respondent believes should be withheld pursuant to a FOIA exemption. The Board will review any such request to determine if confidential treatment is appropriate, and will inform the respondent if the request for confidential treatment has been denied.

To the extent that the instructions to the FR Y-9C, FR Y-9LP, FR Y-9SP, and FR Y-9ES reports each respectively direct a financial institution to retain the workpapers and related materials used in preparation of each report, such material would only be obtained by the Board as part of the examination or supervision of the financial institution. Accordingly, such information may be considered confidential pursuant to exemption 8 of the FOIA (5 U.S.C. 552(b)(8)). In addition, the financial institution’s workpapers and related materials may also be protected by exemption 4 of the FOIA, to the extent such financial information is treated as confidential by the respondent (5 U.S.C. 552(b)(4)).

*Current Actions:* The Board has temporarily revised the instructions to FR Y-9C report to accurately reflect the calculation of the supplementary leverage ratio pursuant to this interim final rule. Specifically, the Board has revised the instructions for FR Y-9C, Schedule HC-R, Line Item 45 (Advanced approaches holding companies only: Supplementary leverage ratio) to state

that respondents must report the supplementary leverage ratio in a manner consistent with this interim final rule.

The Board has determined that the revisions to the FR Y-9 reports described above must be instituted quickly and that public participation in the approval process would defeat the purpose of the collection of information, as delaying the revisions would result in the collection of inaccurate information, and would interfere with the Board's ability to perform its statutory duties.

The Board also invites comment to extend the FR Y-9 reports for three years, with the revisions described above. These revisions would be effective for FR Y-9 reports as of dates up to and including March 31, 2021, the date after which the exclusions in this interim final rule will no longer be effective.

*(2) Report title:* Capital Assessments and Stress Testing Reports.

*Agency form number:* FR Y-14A/Q/M.

*OMB control number:* 7100-0341.

*Effective date:* December 31, 2019.

*Frequency:* Annually, quarterly, and monthly.

*Respondents:* These collections of information are applicable to BHCs, U.S. IHCs, and savings and loan holding companies (SLHCs)<sup>22</sup> (collectively, "holding companies") with \$100 billion or more in total consolidated assets, as based on: (i) the average of the firm's total consolidated assets in the four most recent quarters as reported quarterly on the firm's Consolidated Financial Statements for Holding Companies (FR Y-9C); or (ii) if the firm has not filed an FR Y-9C for

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<sup>22</sup> SLHCs with \$100 billion or more in total consolidated assets become members of the FR Y-14Q and FR Y-14M panels effective June 30, 2020, and the FR Y-14A panel effective December 31, 2020. See 84 FR 59032 (November 1, 2019).

each of the most recent four quarters, then the average of the firm's total consolidated assets in the most recent consecutive quarters as reported quarterly on the firm's FR Y-9Cs. Reporting is required as of the first day of the quarter immediately following the quarter in which the respondent meets this asset threshold, unless otherwise directed by the Board.

*Estimated number of respondents:* FR Y-14A/Q: 36; FR Y-14M: 34.<sup>23</sup>

*Estimated average hours per response:* FR Y-14A: 1,085 hours; FR Y-14Q: 1,920 hours; FR Y-14M: 1,072 hours; FR Y-14 On-going Automation Revisions: 480 hours; FR Y-14 Attestation On-going Attestation: 2,560 hours.

*Estimated annual burden hours:* FR Y-14A: 39,060 hours; FR Y-14Q: 276,480 hours; FR Y-14M: 437,376 hours; FR Y-14 On-going Automation Revisions: 17,280 hours; FR Y-14 Attestation On-going Attestation: 33,280 hours.

*General description of report:* This family of information collections is composed of the following three reports:

The annual<sup>24</sup> FR Y-14A collects quantitative projections of balance sheet, income, losses, and capital across a range of macroeconomic scenarios and qualitative information on methodologies used to develop internal projections of capital across scenarios.<sup>25</sup>

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<sup>23</sup> The estimated number of respondents for the FR Y-14M is lower than for the FR Y-14Q and FR Y-14A because, in recent years, certain respondents to the FR Y-14A and FR Y-14Q have not met the materiality thresholds to report the FR Y-14M due to their lack of mortgage and credit activities. The Board expects this situation to continue for the foreseeable future.

<sup>24</sup> In certain circumstances, a BHC or IHC may be required to re-submit its capital plan. See 12 CFR 225.8(e)(4). Firms that must re-submit their capital plan generally also must provide a revised FR Y-14A in connection with their resubmission.

<sup>25</sup> On October 10, 2019, the Board issued a final rule that eliminated the requirement for firms subject to Category IV standards to conduct and publicly disclose the results of a company-run stress test. See 84 FR 59032 (Nov. 1, 2019). That final rule maintained the existing FR Y-14 substantive reporting requirements for these firms in order to provide the Board with the data it

The quarterly FR Y-14Q collects granular data on various asset classes, including loans, securities, trading assets, and PPNR for the reporting period.

The monthly FR Y-14M is comprised of three retail portfolio- and loan-level schedules, and one detailed address-matching schedule to supplement two of the portfolio and loan-level schedules.

The data collected through the FR Y-14A/Q/M reports provide the Board with the information needed to help ensure that large firms have strong, firm-wide risk measurement and management processes supporting their internal assessments of capital adequacy and that their capital resources are sufficient given their business focus, activities, and resulting risk exposures. The reports are used to support the Board's annual Comprehensive Capital Analysis and Review (CCAR) and Dodd-Frank Act Stress Test (DFAST) exercises, which complement other Board supervisory efforts aimed at enhancing the continued viability of large firms, including continuous monitoring of firms' planning and management of liquidity and funding resources, as well as regular assessments of credit, market and operational risks, and associated risk management practices. Information gathered in this data collection is also used in the supervision and regulation of respondent financial institutions. Compliance with the information collection is mandatory.

*Current actions:* The Board has temporarily revised the instructions to FR Y-14A report to give each banking organization that is required to submit the FR Y-14A on April 6, 2020, and April 5, 2021, the option to calculate the supplementary leverage ratio in its stress test results in

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needs to conduct supervisory stress testing and inform the Board's ongoing monitoring and supervision of its supervised firms. However, as noted in the final rule, the Board intends to provide greater flexibility to banking organizations subject to Category IV standards in developing their annual capital plans and consider further change to the FR Y-14 forms as part of a separate proposal. See 84 FR 59032, 59063.

accordance with this interim final rule. Please note that this revision does not require actual changes to the current FR Y-14A form and instructions.

The Board has determined that the revision to the FR Y-14A/Q/M reports described above must be instituted quickly and that public participation in the approval process would defeat the purpose of the collection of information, as delaying the revision would result in the collection of inaccurate information, and would interfere with the Board's ability to perform its statutory duties.

The Board also invites comment to extend the FR Y-14A/Q/M for three years, with the revision described above. This revision would be effective for FR Y-14A reports as of December 31, 2019, and as of December 31, 2020, after which the exclusions in this interim final rule will no longer be effective.

*Legal authorization and confidentiality:* The Board has the authority to require BHCs to file the FR Y-14 reports pursuant to section 5(c) of the BHC Act, 12 U.S.C. 1844(c), and pursuant to section 165(i) of the Dodd-Frank Act, 12 U.S.C. 5365(i). The Board has authority to require SLHCs to file the FR Y-14 reports pursuant to section 10(b) of the Home Owners' Loan Act (12 U.S.C. 1467a(b)). Lastly, the Board has authority to require U.S. IHCs of FBOs to file the FR Y-14 reports pursuant to section 5 of the BHC Act, as well as pursuant to sections 102(a)(1) and 165 of the Dodd-Frank Act, 12 U.S.C. 5311(a)(1) and 5365. In addition, section 401(g) of EGRRCPA, 12 U.S.C. 5365 note, provides that the Board has the authority to establish enhanced prudential standards for foreign banking organizations with total consolidated assets of \$100 billion or more, and clarifies that nothing in section 401 "shall be construed to affect the legal effect of the final rule of the Board... entitled 'Enhanced Prudential Standard for [BHCs] and Foreign Banking Organizations' (79 Fed. Reg. 17240 (March 27, 2014)), as applied to foreign



banking organizations with total consolidated assets equal to or greater than \$100 million.”<sup>26</sup>

The FR Y-14 reports are mandatory. The information collected in the FR Y-14 reports is collected as part of the Board’s supervisory process, and therefore, such information is afforded confidential treatment pursuant to exemption 8 of the Freedom of Information Act (FOIA), 5 U.S.C. 552(b)(8). In addition, confidential commercial or financial information, which a submitter actually and customarily treats as private, and which has been provided pursuant to an express assurance of confidentiality by the Board, is considered exempt from disclosure under exemption 4 of the FOIA, 5 U.S.C. 552(b)(4).

(3) *Report title:* Banking Organization Systemic Risk Report.

*Agency form number:* FR Y-15.

*OMB control number:* 7100-0352.

*Effective Date:* June 30, 2020.

*Frequency:* Quarterly.

*Respondents:* The FR Y-15 panel is currently comprised of top-tier bank holding companies (BHCs), covered savings and loan holding companies (SLHCs), and intermediate holding companies (IHCs) with \$50 billion or more in total consolidated assets, and any BHC designated as a global systemically important bank holding company (GSIB)<sup>27</sup> based on its method 1 score calculated as of December 31 of the previous calendar year that does not otherwise meet the consolidated assets threshold for BHCs.<sup>28</sup> Pursuant to separate revisions to the FR Y-15 recently

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<sup>26</sup> The Board’s Final Rule referenced in section 401(g) of EGRRCPA specifically stated that the Board would require IHCs to file the FR Y-14 reports. See 79 Fed. Reg. 17240, 17304 (March 27, 2014).

<sup>27</sup> See 12 CFR 217.402.

<sup>28</sup> According to the Board’s statement issued in July 2018, the Board will take no action to require BHCs and covered SLHCs with less than \$100 billion in total consolidated assets to file

made by the Board, the reporting panel for the FR Y-15 will, effective June 30, 2020, consist of U.S. BHCs and SLHCs with \$100 billion or more in consolidated assets, foreign banking organizations with \$100 billion or more in combined U.S. assets, and any BHC designated as a GSIB.<sup>29</sup>

*Estimated number of respondents:* 43.

*Estimated average hours per response:*

Reporting – 404, Recordkeeping – 1.

*Estimated annual burden hours:*

Reporting – 69,488, Recordkeeping – 172.

*General description of report:* Section 165 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act)<sup>30</sup> directs the Board to establish enhanced prudential standards, including risk-based capital requirements, for certain large financial institutions. These standards must be more stringent than the standards applicable to other financial institutions that do not present similar risks to U.S. financial stability. Additionally, these standards must increase in stringency based on several factors, including the size and risk characteristics of a company subject to the rule, and the Board must take into account the differences among bank holding companies and nonbank financial companies.

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the FR Y-15, pursuant to the Economic Growth, Regulatory Relief, and Consumer Protection Act (EGRRCPA). See <https://www.federalreserve.gov/newsevents/pressreleases/files/bcreg20180706b1.pdf>.

<sup>29</sup> See Prudential Standards for Large Bank Holding Companies, Savings and Loan Holding Companies, and Foreign Banking Organizations, 84 FR 59032 (Nov. 1, 2019).

<sup>30</sup> Pub. L. No. 111–203 (2010); 12 U.S.C. 5365.

Pursuant to the requirement to establish enhanced risk-based capital standards under section 165 of the Dodd-Frank Act, the Board published a final rule establishing a GSIB surcharge on the largest, most interconnected U.S. BHCs in August 2015.<sup>31</sup> The GSIB surcharge is calculated using an indicator-based approach that focuses on those aspects of a BHC's operations that are likely to generate negative externalities in the case of its failure or distress. The rule's methodologies assess six components of a BHC's systemic footprint: size, interconnectedness, substitutability, complexity, cross-jurisdictional activity, and reliance on short-term wholesale funding. The indicators comprising these six components are reported on the FR Y-15. More generally, the FR Y-15 report is used to monitor the systemic risk profile of the institutions that are subject to enhanced prudential standards under section 165.

Additionally, section 604 of the Dodd-Frank Act requires that the Board consider the extent to which a proposal would result in greater or more concentrated risks to the stability of the United States banking or financial system as part of its review of certain banking applications.<sup>32</sup> The data reported on the FR Y-15 are used by the Board to analyze the systemic risk implications of such applications.

The FR Y-15 consists of the following schedules:

- Schedule A – Size Indicator
- Schedule B – Interconnectedness Indicators
- Schedule C – Substitutability Indicators
- Schedule D – Complexity Indicators
- Schedule E – Cross-Jurisdictional Activity Indicators

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<sup>31</sup> 80 FR 49082 (August 14, 2015).

<sup>32</sup> Pub. L. No. 111–203, 604(d), (f); 12 U.S.C. 1842(c)(7), 1843(j)(2)(A), and 1828(c)(5).

- Schedule F – Ancillary Indicators
- Schedule G – Short-term Wholesale Funding Indicator

Some of the reporting requirements within the schedules overlap with data already collected in the Consolidated Financial Statements for Holding Companies (FR Y-9C; OMB No. 7100-0128), the Country Exposure Report (FFIEC 009; OMB No. 7100-0035), and the Regulatory Capital Reporting for Institutions Subject to the Advanced Capital Adequacy Framework (FFIEC 101; OMB No. 7100-0319). Where relevant data are already collected by those reports, the FR Y-15 automatically populates items based on the source form so that the information does not need to be reported twice. Automatically retrieved items are listed in the general instructions of the FR Y-15, under section H, titled “Data Items Automatically Retrieved from Other Reports.”

*Legal authorization and confidentiality:* The Board has the authority to require BHCs, SLHCs, FBOs and IHCs, to file the FR Y-15 pursuant to, respectively, section 5 of the BHC Act (12 U.S.C. 1844), section 10(b) of the Home Owners’ Loan Act (12 U.S.C. 1467a(b)), and section 5 of the BHC Act, in conjunction with section 8 of the International Banking Act (12 U.S.C. 3106). The FR Y-15 reports are mandatory. The data collected on the FR Y-15 are made public unless a specific request for confidentiality is submitted by the reporting entity, either on the FR Y-15 or on the form from which the data item is obtained. Such information will be accorded confidential treatment under exemption 4 of the Freedom of Information Act (FOIA) if the submitter substantiates its assertion that disclosure would likely cause substantial competitive harm. A number of the items in the FR Y-15 are retrieved from the FR Y-9C, FFIEC 101, and FFIEC 009. Confidential treatment also will extend to any automatically calculated items on the FR Y-15 that have been derived from confidential data items and that, if released, would reveal the underlying confidential data. To the extent confidential data collected under the FR Y-15

will be used for supervisory purposes, it may be exempt from disclosure under Exemption 8 of FOIA (5 U.S.C. 552(b)(8)).

*Current actions:* The Board has temporarily revised the instructions to the FR Y-15 to ensure that the FR Y-15 is not impacted by the revised calculation of the supplementary leverage ratio pursuant to this interim final rule. Specifically, the Board has deleted from the FR Y-15 instructions a statement indicating that Schedule A, item 3(a), “Other on-balance sheet assets” will be automatically populated for banking organizations that file the Regulatory Capital Reporting for Institutions Subject to the Advanced Capital Adequacy Framework (FFIEC 101; OMB No. 7100-0319) for the same reporting period from FFIEC 101, Schedule A, item 2.1. Instead, all FR Y-15 respondents will be required to report Schedule A, item 3(a) according to the instructions for that item. The purpose of this temporary revision is to ensure that the systemic risk indicators reported on the FR Y-15 are not affected by the changes to the capital rule included in this interim final rule, regardless of whether conforming revisions are subsequently made to the FFIEC 101 report. This revision ensures that the size indicator continues to capture all on-balance sheet assets, consistent with the intent of the indicator.

The Board has determined that the revisions to the FR Y-15 described above must be instituted quickly and that public participation in the approval process would defeat the purpose of the collection of information, as delaying the revisions would result in the collection of inaccurate information, and would interfere with the Board’s ability to perform its statutory duties.

The Board also invites comment to extend the FR Y-15 for three years, with the revisions described above.

(3) *Title of Information Collection:* Recordkeeping and Disclosure Requirements Associated with Regulation Q.

*Agency form number:* FR Q.

*OMB control number:* 7100-0313.

*Frequency:* Quarterly, annual.

*Affected Public:* Businesses or other for-profit.

*Respondents:* State member banks (SMBs), bank holding companies (BHCs), U.S. intermediate holding companies (IHCs), savings and loan holding companies (SLHCs), and global systemically important bank holding companies (GSIBs).

*Legal authorization and confidentiality:* This information collection is authorized by section 38(o) of the Federal Deposit Insurance Act (12 U.S.C. 1831o(c)), section 908 of the International Lending Supervision Act of 1983 (12 U.S.C. 3907(a)(1)), section 9(6) of the Federal Reserve Act (12 U.S.C. 324), and section 5(c) of the Bank Holding Company Act (12 U.S.C. 1844(c)). The obligation to respond to this information collection is mandatory. If a respondent considers the information to be trade secrets and/or privileged such information could be withheld from the public under the authority of the Freedom of Information Act (5 U.S.C. 552(b)(4)).

Additionally, to the extent that such information may be contained in an examination report such information could also be withheld from the public (5 U.S.C. 552 (b)(8)). Estimated number of respondents: 1,431 (of which 19 are advanced approaches institutions).

*Estimated average hours per response:*

Minimum Capital Ratios

Recordkeeping (Ongoing)—16.

Standardized Approach

Recordkeeping (Initial setup)—122.

Recordkeeping (Ongoing)—20.

Disclosure (Initial setup)—226.25.

Disclosure (Ongoing quarterly)—131.25.

#### Advanced Approach

Recordkeeping (Initial setup)—460.

Recordkeeping (Ongoing)—540.77.

Recordkeeping (Ongoing quarterly)—20.

Disclosure (Initial setup)—328.

Disclosure (Ongoing)—5.78.

Disclosure (Ongoing quarterly)—41.

Disclosure (Table 13 quarterly)—5.

#### Risk-based Capital Surcharge for GSIBs

Recordkeeping (Ongoing)—0.5.

*Total estimated annual burden:* 1,136 hours initial setup, 80,173 hours for ongoing.

*Current actions:* The Board has temporarily revised the FR Q information collection to reflect a revision to the disclosure requirements contained in the Board's Regulation Q. Generally, section 217.173 of the Board's Regulation Q requires each advanced approaches Board-regulated institution and a Category III Board-regulated institution that is required to publicly disclose its supplementary leverage ratio pursuant to section 217.172(d) of Regulation Q to make certain disclosures, which are listed in Table 13 of section 217.173. Pursuant to this interim final rule, a Board-regulated institution that is required to make such disclosures will be required exclude the

balance sheet carrying value of U.S. Treasury securities funds on deposit at a Federal Reserve Bank from its disclosures under Table 13 of section 217.173.

The Board has determined that the revision to the FR Q described above must be instituted quickly and that public participation in the approval process would defeat the purpose of the collection of information, as delaying the revisions would result in the collection of inaccurate information, and would interfere with the Board's ability to perform its statutory duties.

The Board also invites comment to extend the FR Y-Q for three years, with the revision described above. This revision would be effective for FR Q as of dates up to and including March 31, 2021, the date after which the exclusions in this interim final rule will no longer be effective.

#### ***D. Regulatory Flexibility Act***

The Regulatory Flexibility Act (RFA)<sup>33</sup> requires an agency to consider whether the rules it proposes will have a significant economic impact on a substantial number of small entities.<sup>34</sup> The RFA applies only to rules for which an agency publishes a general notice of proposed rulemaking pursuant to 5 U.S.C. 553(b). As discussed previously, consistent with section 553(b)(3)(B) of the APA, the Board has determined for good cause that general notice and opportunity for public comment is unnecessary, and therefore the Board is not issuing a notice of proposed rulemaking. Accordingly, the Board has concluded that the RFA's requirements relating to initial and final regulatory flexibility analysis do not apply.

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<sup>33</sup> 5 U.S.C. 601 et seq.

<sup>34</sup> Under regulations issued by the Small Business Administration, a small entity includes a depository institution, bank holding company, or savings and loan holding company with total assets of \$600 million or less and trust companies with total assets of \$41.5 million or less. See 13 CFR 121.201.



Nevertheless, the Board seeks comment on whether, and the extent to which, the interim final rule would affect a significant number of small entities.

***E. Riegle Community Development and Regulatory Improvement Act of 1994***

Pursuant to section 302(a) of the Riegle Community Development and Regulatory Improvement Act (RCDRIA),<sup>35</sup> in determining the effective date and administrative compliance requirements for new regulations that impose additional reporting, disclosure, or other requirements on IDIs, each Federal banking agency must consider, consistent with the principle of safety and soundness and the public interest, any administrative burdens that such regulations would place on depository institutions, including small depository institutions, and customers of depository institutions, as well as the benefits of such regulations. In addition, section 302(b) of RCDRIA requires new regulations and amendments to regulations that impose additional reporting, disclosures, or other new requirements on IDIs generally to take effect on the first day of a calendar quarter that begins on or after the date on which the regulations are published in final form, with certain exceptions, including for good cause.<sup>36</sup> For the reasons described above, the Board finds good cause exists under section 302 of RCDRIA to publish this interim final rule with an immediate effective date.

As such, the final rule will be effective on immediately. Nevertheless, the Board seeks comment on RCDRIA.

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<sup>35</sup> 12 U.S.C. 4802(a).

<sup>36</sup> 12 U.S.C. 4802.

## ***F. Use of Plain Language***

Section 722 of the Gramm-Leach-Bliley Act<sup>37</sup> requires the Federal banking agencies to use plain language in all proposed and final rules published after January 1, 2000. The Board has sought to present the interim final rule in a simple and straightforward manner. The Board invites comments on whether there are additional steps it could take to make the rule easier to understand. For example:

- Have we organized the material to suit your needs? If not, how could this material be better organized?
- Are the requirements in the regulation clearly stated? If not, how could the regulation be more clearly stated?
- Does the regulation contain language or jargon that is not clear? If so, which language requires clarification?
- Would a different format (grouping and order of sections, use of headings, paragraphing) make the regulation easier to understand? If so, what changes to the format would make the regulation easier to understand? What else could we do to make the regulation easier to understand?

### **List of Subjects**

#### **12 CFR Part 217**

Administrative practice and procedure, Banks, Banking, Federal Reserve System, Holding companies, Reporting and recordkeeping requirements, Securities.

### **Authority and Issuance**

For the reasons stated in the preamble, the Board of Governors of the Federal Reserve System amends 12 CFR chapter II as follows:

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<sup>37</sup> 12 U.S.C. 4809.

**PART 217—CAPITAL ADEQUACY OF BANK HOLDING COMPANIES, SAVINGS  
AND LOAN HOLDING COMPANIES, AND STATE MEMBER BANKS  
(REGULATION Q)**

1. The authority citation for part 217 continues to read as follows:

Authority: 12 U.S.C. 248(a), 321-338a, 481-486, 1462a, 1467a, 1818, 1828, 1831n, 1831o, 1831p-1, 1831w, 1835, 1844(b), 1851, 3904, 3906-3909, 4808, 5365, 5368, 5371 and 5371 note.

**Subpart G – Transition Provisions**

2. Add § 217.303 to read as follows:

**§217.303 Temporary Exclusions from Total Leverage Exposure.**

(a) *In general.* Subject to the limitations in paragraphs (b) and (c) of this section and notwithstanding any other requirement in this part, a Board-regulated institution that is a depository institution holding company or a U.S. intermediate holding company, when calculating on-balance sheet assets as of each day of a reporting quarter for purposes of determining the Board-regulated institution's total leverage exposure under §217.10(c)(4), must exclude the balance sheet carrying value of the following items:

- (1) U.S. Treasury securities; and
- (2) Funds on deposit at a Federal Reserve Bank.

(b) *Termination of exclusions.* The exclusions required pursuant to paragraph (a) of this section terminate after the calendar quarter ending on March 31, 2021.

(c) *Custodial banking organizations.* A custodial banking organization that is a depository institution holding company or a U.S. intermediate holding company must reduce the

amount in §217.10(c)(4)(ii)(J)(I) (to no less than zero) by any amount excluded under paragraph (a)(2) of this section.

(d) *Disclosure.* Notwithstanding Table 13 to §217.173, a Board-regulated institution that is a depository institution holding company or a U.S intermediate holding company that is required to make the disclosures pursuant to §217.173 must exclude the items excluded pursuant to paragraph (a) of this section from Table 13 to §217.173.

By order of the Board of Governors of the Federal Reserve System.

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Ann Misback,  
*Secretary of the Board.*