

**Proposed Revisions to Capital, Liquidity, and Enhanced Prudential Standards  
Regulations**

*On October 31, 2018, the Federal Reserve Board and the other federal banking agencies issued two proposals that would modify the prudential framework for U.S. banking organizations with \$100 billion or more in total consolidated assets. This document shows, in redline form, how these proposals would modify existing regulations. This redline is based on the proposed regulatory text released by the agencies and remains subject to revision and refinement.*

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**PART 3 – CAPITAL ADEQUACY STANDARDS**

**Authority:** 12 U.S.C. 93a, 161, 1462, 1462a, 1463, 1464, 1818, 1828(n), 1828 note, 1831n note, 1835, 3907, 3909, and 5412(b)(2)(B).

**Subpart A – General Provisions**

**§3.2 Definitions.**

\* \* \* \* \*

Category II national bank or Federal savings association means

(1) A national bank or Federal savings association that is a subsidiary of a Category II banking organization, as defined pursuant to 12 CFR 252.5 or 12 CFR 238.10, as applicable; or

(2) A national bank or Federal savings association that:

(i) (A) Has total consolidated assets, calculated based on the average of the national bank’s or Federal savings association’s total consolidated assets for the four most recent calendar quarters as reported on the **Consolidated Report of Condition and Income (Call Report)**, equal to \$700 billion or more. If the national bank or Federal savings association has not filed the Call Report for each of the four most recent calendar quarters, total consolidated assets means the average of its total consolidated assets, as reported on the Call Report, for the most recent quarter or quarters, as applicable; or

(B) Has:

(1) Total consolidated assets, calculated based on the average of the national bank’s or Federal savings association’s total consolidated assets for the four most recent calendar quarters as reported on the Call Report, of \$100 billion or more but less than \$700 billion. If the national bank or Federal savings association has not filed the Call Report for each of the four most recent quarters, total consolidated assets means the average of its total consolidated assets, as reported on the Call Report, for the most recent quarter or quarters, as applicable; and

(2) Cross-jurisdictional activity, calculated based on the average of its cross jurisdictional activity for the four most recent calendar quarters, of \$75 billion or more. Cross-jurisdictional activity is the sum of cross-jurisdictional claims and cross-jurisdictional liabilities, calculated in accordance with the instructions to the FR Y-15 or equivalent reporting form;

(ii) After meeting the criteria in paragraph (2)(i) of this section, a national bank or Federal savings association continues to be a Category II national bank or Federal savings association until the national bank or Federal savings association has:

(A) (1) Less than \$700 billion in **total consolidated assets, as reported on the Call Report**, for each of the four most recent calendar quarters; and

(2) Less than \$75 billion in cross-jurisdictional activity for each of the four most recent calendar quarters. Cross-jurisdictional activity is the sum of cross-jurisdictional claims and cross-

jurisdictional liabilities, calculated in accordance with the instructions to the FR Y-15 or equivalent reporting form;

(B) Less than \$100 billion in total consolidated assets, as reported on the Call Report, for each of the four most recent calendar quarters; or

(C) Is a subsidiary of a global systemically important BHC.

Category III national bank or Federal savings association means

(1) A national bank or Federal savings association that is a subsidiary of a Category III banking organization as defined pursuant to 12 CFR 252.5 or 12 CFR 238.10, as applicable; or

(2) A national bank or Federal savings association that:

(i)(A) Has total consolidated assets, calculated based on the average of the national bank's or Federal savings association's total consolidated assets for the four most recent calendar quarters as reported on the Call Report, equal to \$250 billion or more. If the national bank or Federal savings association has not filed the Call Report for each of the four most recent calendar

(B) Has:

(1) Total consolidated assets, calculated based on the average of the national bank's or Federal savings association's total consolidated assets for the four most recent calendar quarters as reported on the Call Report, of \$100 billion or more but less than \$250 billion. If the national bank or Federal savings association has not filed the Call Report for each of the four most recent calendar quarters, total consolidated assets means the average of its total consolidated assets, as reported on the Call Report, for the most recent quarter or quarters, as applicable; and

(2) At least one of the following, each calculated as the average of the four most recent consecutive quarters, or if the national bank or Federal savings association has not filed each applicable reporting form for each of the four most recent calendar quarters, for the most recent quarter or quarters, as applicable:

(i) Total nonbank assets, calculated in accordance with the instructions to the FR Y-9LP or equivalent reporting form, equal to \$75 billion or more;

(ii) Off-balance sheet exposure equal to \$75 billion or more. Off-balance sheet exposure is a national bank's or Federal savings association's total exposure, calculated in accordance with the instructions to the FR Y-15 or equivalent reporting form, minus the total consolidated assets of the national bank or Federal savings association, as reported on the Call Report; or

(iii) Weighted short-term wholesale funding, calculated in accordance with the instructions to the FR Y-15 or equivalent reporting form, equal to \$75 billion or more.

(ii) After meeting the criteria in paragraphs (2)(i) of this definition, a national bank or Federal savings association continues to be a Category III national bank or Federal savings association until the national bank or Federal savings association has:



(A) (1) Less than \$250 billion in total consolidated assets, as reported on the Call Report, for each of the four most recent calendar quarters;

(2) Less than \$75 billion in total nonbank assets, calculated in accordance with the instructions to the FR Y-9LP or equivalent reporting form, for each of the four most recent calendar quarters;

(3) Less than \$75 billion in weighted short-term wholesale funding, calculated in accordance with the instructions to the FR Y-15 or equivalent reporting form, for each of the four most recent calendar quarters; and

(4) Less than \$75 billion in off-balance sheet exposure for each of the four most recent calendar quarters. Off-balance sheet exposure is a national bank's or Federal savings association's total exposure, calculated in accordance with the instructions to the FR Y-15 or equivalent reporting form, minus the total consolidated assets of the national bank or Federal savings association, as reported on the Call Report; or

(B) Less than \$100 billion in total consolidated assets, as reported on the Call Report, for each of the four most recent calendar quarters;

(C) Is a Category II national bank or Federal savings association; or

(D) Is a subsidiary of a global systemically important BHC.

FR Y-15 means the Banking Organization Systemic Risk Report.

FR Y-9LP means the Parent Company Only Financial Statements for Large Holding Companies.

**PART 3 – CAPITAL ADEQUACY STANDARDS**

**Subpart B – Capital Ratio Requirements and Buffers**

**§3.10 Minimum capital requirements.**

(a) \*\*\*

(6) For [advanced approaches national banks and Federal savings associations, and for Category III national banks and](#) Federal savings associations, a ~~tangible capital~~ [supplementary leverage](#) ratio of ~~4.53~~ percent.

\* \* \* \* \*

(c) *Advanced approaches capital ratio calculations.* An advanced approaches national bank or Federal savings association that has completed the parallel run process and received notification from the OCC pursuant to §3.121(d) must determine its regulatory capital ratios as described in paragraphs (c)(1) through (3) of this section. An advanced approaches national bank or Federal savings association must determine its supplementary leverage ratio in accordance with paragraph (c)(4) of this section, beginning with the calendar quarter immediately following the quarter in which the national bank or Federal savings association meets any of the criteria in §3.100(b)(1). [A Category III national bank or Federal savings association must determine its supplementary leverage ratio in accordance with paragraph \(c\)\(4\) of this section, beginning with the calendar quarter immediately following the quarter in which the national bank or Federal savings association is identified as a Category III national bank or Federal savings association.](#)

\* \* \* \* \*

(4) *Supplementary leverage ratio.* (i) An advanced approaches national bank’s or Federal savings association’s [or a Category III national bank’s or Federal savings association’s](#) supplementary leverage ratio is the ratio of its tier 1 capital to total leverage exposure, the latter which is calculated as the sum of:

\* \* \* \* \*

**PART 3 – CAPITAL ADEQUACY STANDARDS**

**Subpart B – Capital Ratio Requirements and Buffers**

**§3.11 Capital conservation buffer and countercyclical capital buffer amount.**

\* \* \* \* \*

(b) *Countercyclical capital buffer amount*—(1) *General*. An advanced approaches national bank or Federal savings association, [and a Category III national bank or Federal savings association](#), must calculate a countercyclical capital buffer amount in accordance with the following paragraphs for purposes of determining its maximum payout ratio under Table 1 to §3.11.

(i) \*\*\*

(ii) *Amount*. An advanced approaches national bank or Federal savings association, [and a Category III national bank or Federal savings association](#), has a countercyclical capital buffer amount determined by calculating the weighted average of the countercyclical capital buffer amounts established for the national jurisdictions where the national bank’s or Federal savings association’s private sector credit exposures are located, as specified in paragraphs (b)(2) and (3) of this section.

\* \* \* \* \*

**PART 3 – CAPITAL ADEQUACY STANDARDS**

**Subpart E – Risk-Weighted Assets – Internal Ratings-Based and Advanced Measurement Approaches**

**§3.100 Purpose, applicability, and principle of conservatism.**

\* \* \* \* \*

(b) *Applicability.* (1) This subpart applies to a national bank or Federal savings association that:

~~(i) Has consolidated total assets, as reported on its most recent year-end Call Report equal to \$250 billion or more;~~

(i) Is a subsidiary of a global systemically important BHC, as identified pursuant to 12 CFR 217.402;

~~(ii) Has consolidated total on-balance sheet foreign exposure on its most recent year-end Federal Financial Institutions Examination Council (FFIEC) 009 Report equal to \$10 billion or more (where total on-balance sheet foreign exposure equals total foreign countries cross-border claims on an ultimate risk basis, plus total foreign countries claims on local residents on an ultimate risk basis, plus total foreign countries fair value of foreign exchange and derivative products), calculated in accordance with the FFIEC 009 Country Exposure Report;~~ Is a Category II national bank or Federal savings association;

(iii) Is a subsidiary of a depository institution that uses the advanced approaches pursuant to subpart E of 12 CFR part 3 (OCC), 12 CFR part 217 (Board), or 12 CFR part ~~325~~324 (FDIC) to calculate its ~~total risk-weighted assets~~risk-based capital requirements; or

(iv) Is a subsidiary of a bank holding company or savings and loan holding company that uses the advanced approaches pursuant to subpart E of 12 CFR part 217 to calculate its ~~total risk-weighted assets~~risk-based capital requirements; or

(v) Elects to use this subpart to calculate its total risk-weighted assets: or

\* \* \* \* \*

**PART 50 – LIQUIDITY RISK MEASUREMENT STANDARDS**

Authority: 12 U.S.C. 1 *et seq.*, 93a, 481, 1818, ~~1828~~, and 1462 *et seq.*

**Subpart A – General Provisions**

**§50.1 Purpose and applicability.**

\* \* \* \* \*

(b) *Applicability of Minimum Liquidity Standards.* (1) A national bank or Federal savings association is subject to the minimum liquidity standard and other requirements of this part if:

(i) It is a GSIB depository institution, a Category II national bank or Federal savings association, or a Category III national bank or Federal savings association;

~~(i) It has total consolidated assets equal to \$250 billion or more, as reported on the most recent year-end Consolidated Reports of Condition and Income;~~

~~(ii) It has total consolidated on-balance sheet foreign exposure at the most recent year-end equal to \$10 billion or more (where total on-balance sheet foreign exposure equals total cross-border claims less claims with a head office or guarantor located in another country plus redistributed guaranteed amounts to the country of the head office or guarantor plus local country claims on local residents plus revaluation gains on foreign exchange and derivative transaction products, calculated in accordance with the Federal Financial Institutions Examination Council (FFIEC) 009 Country Exposure Report);~~

~~(iii) It is a depository institution~~ a national bank or Federal savings association that has total consolidated assets equal to \$10 billion or more, as reported on the most recent year-end Consolidated Call Report of Condition, and ~~Income and~~ it is a consolidated subsidiary of ~~one of the following:~~

a (A) A covered depository institution intermediate holding company that ~~has:~~

~~(A) Has~~ (A) Has total consolidated assets ~~equal to of~~ equal to of \$250 billion or more, as reported on the most ~~recent~~ recent year-end (as applicable):

(1) Consolidated Financial Statements for Holding Companies reporting form (FR Y-9C), or, if the covered ~~depository institution~~ intermediate holding company is not required to report on the FR Y-9C, its estimated total consolidated assets as of the most recent ~~year-end~~ year-end, calculated in accordance with the instructions to the FR Y-9C; or

~~(B) A depository institution that has total consolidated assets equal to \$250 billion or more, as reported on the most recent year-end Consolidated Report of Condition and Income; or~~

(2) Call Report; or

~~(C) A covered depository institution holding company or depository institution that has~~ (B) Has total consolidated ~~total~~ on-balance sheet foreign exposure at the most recent year-end equal

to \$10 billion or more (where total on-balance sheet foreign exposure equals total cross-border claims less claims with a head office or guarantor located in another country plus redistributed guaranteed amounts to the country of the head office or guarantor plus local country claims on local residents plus revaluation gains on foreign exchange and derivative transaction products, calculated in accordance with the Federal Financial Institutions Examination Council (FFIEC) 009 Country Exposure Report); or

~~(iv) The~~ iii) It is a national bank or Federal savings association for which the OCC has determined that application of this part is appropriate in light of the national ~~bank's~~ bank's or Federal savings ~~association's~~ association's asset size, level of complexity, risk profile, scope of operations, affiliation with foreign or domestic covered entities, or risk to the financial system.

~~(2) Subject to the transition periods set forth in subpart F of this part:~~

(2) (i) A national bank or Federal savings association that is becomes subject to the minimum liquidity standard and other requirements of this part under ~~paragraph~~ paragraph (b)(1)~~(i) of this section on September 30, 2014,~~ must comply with the requirements of this part beginning on ~~January 1, 2015;~~ the first day of the second calendar quarter after which the national bank or Federal savings association becomes subject to the minimum liquidity standard and other requirements of this part, except:

(A) A national bank or Federal savings association must calculate and maintain a liquidity coverage ratio monthly, on each calculation date that is the last business day of the applicable calendar month, for the first three calendar quarters after the national bank or Federal savings association begins complying with the minimum liquidity standard and other requirements of this part;

(B) Beginning one year after the first year in which the national bank or Federal savings association becomes subject to the minimum liquidity standard and other requirements of this part under paragraph (b)(1)(i) of this section, and thereafter, the national bank or Federal savings association must calculate and maintain a liquidity coverage ratio on each calculation date;

(ii) A national bank or Federal savings association that becomes subject to ~~the minimum liquidity standard and other requirements of~~ this part under paragraph (b)(1)~~(i) through (iii)~~ of this section ~~after September 30, 2014,~~ must comply with the requirements of this part beginning on April 1 of the year in which the national bank or Federal savings association becomes subject to the minimum liquidity standard and other requirements of this part, except:

(A) From April 1 to December 31 of the year in which the national bank or Federal savings association becomes subject to the minimum liquidity standard and other requirements of this part, the national bank or Federal savings association must calculate and maintain a liquidity coverage ratio monthly, on each calculation date that is the last business day of the applicable calendar month; and

(B) Beginning January 1 of the year after the first year in which the national bank or Federal savings association becomes subject to the minimum liquidity standard and other requirements of this part under paragraph (b)(1) of this section, and thereafter, the national bank

or Federal savings association must calculate and maintain a liquidity coverage ratio on each calculation date; ~~and~~.

(iii) A national bank or Federal savings association that becomes subject to the minimum liquidity standard and other requirements of this part under paragraph (b)(1)(~~iviii~~) of this section ~~after September 30, 2014~~, must comply with the requirements of this part subject to a transition period specified by the OCC.

\* \* \* \* \*

**PART 50 – LIQUIDITY RISK MEASUREMENT STANDARDS**

**Subpart A – General Provisions**

**§50.3 Definitions.**

\* \* \* \* \*

Average weighted short-term wholesale funding has the same meaning as in 12 CFR 252.2.

\* \* \* \* \*

Call Report means the Consolidated Reports of Condition and Income.

Category II national bank or Federal savings association means:

(1) A national bank or Federal savings association that is a subsidiary of a depository institution holding company that is defined as a Category II Board-regulated institution pursuant to 12 CFR 249.3 and has total consolidated assets, calculated based on the average of the national bank’s or Federal savings association’s total consolidated assets for the four most recent calendar quarters as reported on the Call Report, equal to \$10 billion or more. If the national bank or Federal savings association has not filed the Call Report for each of the four most recent calendar quarters, total consolidated assets means the average of its total consolidated assets, as reported on the Call Report, for the most recent quarter or quarters, as applicable. After meeting the criteria under this paragraph (1), a national bank or Federal savings association continues to be a Category II national bank or Federal savings association until the national bank or Federal savings association has less than \$10 billion in total consolidated assets, as reported on the Call Report, for each of the four most recent calendar quarters, or the national bank or Federal savings association is no longer a consolidated subsidiary of a category II Board-regulated institution; or

(2) A national bank or Federal savings association that:

(i) (A) Has total consolidated assets, calculated based on the average of the national bank’s or Federal savings association’s total consolidated assets for the four most recent calendar quarters as reported on the **Consolidated Report of Condition and Income** (Call Report), equal to \$700 billion or more. If the national bank or Federal savings association has not filed the Call Report for each of the four most recent calendar quarters, total consolidated assets means the average of its total consolidated assets, as reported on the Call Report, for the most recent quarter or quarters, as applicable; or

(B) Has:

(1) Total consolidated assets, calculated based on the average of the national bank’s or Federal savings association’s total consolidated assets for the four most recent calendar quarters as reported on the Call Report, of \$100 billion or more but less than \$700 billion. If the national bank or Federal savings association has not filed the Call Report for each of the four most recent calendar quarters, total consolidated assets means the average of its total consolidated assets, as reported on the Call Report, for the most recent quarter or quarters, as applicable; and



(2) Cross-jurisdictional activity, calculated based on the average of its cross-jurisdictional activity for the four most recent consecutive quarters, of \$75 billion or more. Cross-jurisdictional activity is the sum of cross-jurisdictional claims and cross-jurisdictional liabilities, calculated in accordance with the instructions to the FR Y-15 or equivalent reporting form;

(ii) After meeting the criteria in paragraph (2)(i) of this section, a national bank or Federal savings association continues to be a Category II national bank or Federal savings association until the national bank or Federal savings association has:

(A) (I) Less than \$700 billion in total consolidated assets, as reported on the Call Report, for each of the four most recent calendar quarters; and

(2) Less than \$75 billion in cross-jurisdictional activity for each of the four most recent calendar quarters. Cross-jurisdictional activity is the sum of cross-jurisdictional claims and cross-jurisdictional liabilities, calculated in accordance with the instructions to the FR Y-15 or equivalent reporting form;

(B) Less than \$100 billion in total consolidated assets, as reported on the Call Report, for each of the four most recent calendar quarters; or

(C) Is a GSIB depository institution.

Category III national bank or Federal savings association means:

(1) A national bank or Federal savings association that is a subsidiary of a depository institution holding company that is defined as a Category III Board-regulated institution pursuant to 12 CFR 249.3 and has total consolidated assets, calculated based on the average of the national bank's or Federal savings association's total consolidated assets for the four most recent calendar quarters as reported on the Call Report, equal to \$10 billion or more. If the national bank or Federal savings association has not filed the Call Report for each of the four most recent calendar quarters, total consolidated assets means the average of its total consolidated assets, as reported on the Call Report, for the most recent quarter or quarters, as applicable. After meeting the criteria under this paragraph (1), a national bank or Federal savings association continues to be a Category III national bank or Federal savings association until the national bank or Federal savings association has less than \$10 billion in total consolidated assets, as reported on the Call Report, for each of the four most recent calendar quarters, or the national bank or Federal savings association is no longer a consolidated subsidiary of a Category III Board-regulated institution; or

(2) A national bank or Federal savings association that:

(i)(A) Has total consolidated assets, calculated based on the average of the national bank's or Federal savings association's total consolidated assets for the four most recent calendar quarters as reported on the **Consolidated Report of Condition and Income (Call Report)**, equal to **\$250 billion or more**. If the national bank or Federal savings association has not filed the Call Report for each of the four most recent calendar quarters, total consolidated assets means the average of its total consolidated assets, as reported on the Call Report, for the most recent quarter or quarters, as applicable; or

(B) Has:

(1) Total consolidated assets, calculated based on the average of the national bank's or Federal savings association's total consolidated assets for the four most recent calendar quarters as reported on the Call Report, of at least \$100 billion but less than \$700 billion. If the national bank or Federal savings association has not filed the Call Report for each of the four most recent calendar quarters, total consolidated assets means the average of its total consolidated assets, as reported on the Call Report, for the most recent quarter or quarters, as applicable; and

(2) One or more of the following, each measured as the average of the four most recent quarters, or if the national bank or Federal savings bank has not filed each applicable reporting form for each of the four most recent calendar quarters, for the most recent quarter or quarters, as applicable:

(i) Total nonbank assets, calculated in accordance with instructions to the FR Y-9LP or equivalent reporting form, equal to \$75 billion or more;

(ii) Off-balance sheet exposure, calculated in accordance with the instructions to the FR Y-15 or equivalent reporting form, minus the total consolidated assets of the national bank or Federal savings association, as reported on the Call Report, equal to \$75 billion or more; or

(iii) Weighted short-term wholesale funding, calculated in accordance with the instructions to the FR Y-15 or equivalent reporting form, equal to \$75 billion or more.

(ii) After meeting the criteria in paragraph (2)(i) of this section, a national bank or Federal savings association continues to be a Category III national bank or Federal savings association until the national bank or Federal savings association has:

(A)(1) Less than \$250 billion in total consolidated assets, as reported on the Call Report, for each of the four most recent calendar quarters;

(2) Less than \$75 billion in total nonbank assets, calculated in accordance with the instructions to the FR Y-9LP or equivalent reporting form, for each of the four most recent calendar quarters;

(3) Less than \$75 billion in weighted short-term wholesale funding, calculated in accordance with the instructions to the FR Y-15 or equivalent reporting form, for each of the four most recent calendar quarters; and

(4) Less than \$75 billion in off-balance sheet exposure for each of the four most recent calendar quarters. Off-balance sheet exposure is a national bank's or Federal savings association's total exposure, calculated in accordance with the instructions to the FR Y-15 or equivalent reporting form, minus the total consolidated assets of the national bank or Federal savings association, as reported on the Call Report; or

(B) Less than \$100 billion in total consolidated assets, as reported on the Call Report, for each of the four most recent calendar quarters; or

(C) Is a Category II national bank or Federal savings bank; or

(D) Is a GSIB depository institution.

\* \* \* \* \*

Covered intermediate holding company means a U.S. intermediate holding company that (1) was established or designated by a foreign banking organization pursuant to 12 CFR 252.153 and (2) is a covered depository institution holding company.

\* \* \* \* \*

FR Y-15 means the Banking Organization Systemic Risk Report.

FR Y-9LP means the Parent Company Only Financial Statements for Large Holding Companies.

\* \* \* \* \*

Global systemically important BHC means a [bank holding company identified as a global systemically important BHC pursuant to 12 CFR 217.402.](#)

GSIB depository institution means a depository institution that is a consolidated subsidiary of a global systemically important BHC and has total consolidated assets equal to \$10 billion or more, calculated based on the average of the depository institution's total consolidated assets for the four most recent calendar quarters as reported on the Call Report. If the depository institution has not filed the Call Report for each of the four most recent calendar quarters, total consolidated assets means the average of its total consolidated assets, as reported on the Call Report, for the most recent calendar quarter or quarters, as applicable. After meeting the criteria under this definition, a depository institution continues to be a GSIB depository institution until the depository institution has less than \$10 billion in total consolidated assets, as reported on the Call Report, for each of the four most recent calendar quarters, or the depository institution is no longer a consolidated subsidiary of a global systemically important BHC.

\* \* \* \* \*

**PART 50 – LIQUIDITY RISK MEASUREMENT STANDARDS**

**Subpart D – Total Net Cash Outflow**

**§50.30 Total net cash outflow amount.**

(a) *Calculation of total net cash outflow amount.* As of the calculation date, a national bank’s or Federal savings association’s total net cash outflow amount equals the national bank’s or Federal savings association’s outflow adjustment percentage as determined under paragraph (c) of this section multiplied by:

- (1) The sum of the outflow amounts calculated under §50.32(a) through (l); *minus*
- (2) The lesser of:
  - (i) The sum of the inflow amounts calculated under §50.33(b) through (g); and
  - (ii) 75 percent of the amount calculated under paragraph (a)(1) of this section; *plus*
- (3) The maturity mismatch add-on as calculated under paragraph (b) of this section.

~~(b) Calculation of maturity mismatch add-on. (1) For purposes of this section:~~

\* \* \* \* \*

(c) Outflow adjustment percentage. A national bank’s or Federal savings association’s outflow adjustment percentage is determined pursuant to Table 1 to § 50.30.

Table 1 to §50.30 – Outflow adjustment percentages

	<u>Outflow adjustment percentage</u>
<u>A GSIB depository institution</u>	<u>100 percent</u>
<u>Category II national bank or Federal savings association</u>	<u>100 percent</u>
<u>Category III national bank or Federal savings association that:</u>	<u>100 percent</u>
<ul style="list-style-type: none"> <li><u>(1) Is a consolidated subsidiary of a Category III banking organization pursuant to 12 CFR 252.5 or 12 CFR 238.10 with \$75 billion or more in average weighted short-term wholesale funding; or</u></li> <li><u>(2) Has \$75 billion or more in average weighted short-term wholesale funding and is not consolidated under a holding company</u></li> </ul>	

<p><u>Category III national bank or Federal savings association that:</u></p> <p>(1) <u>Is a consolidated subsidiary of a Category III banking organization pursuant to 12 CFR 252.5 or 12 CFR 238.10 with less than \$75 billion in average weighted short-term wholesale funding; or</u></p> <p>(2) <u>Has less than \$75 billion in average weighted short-term wholesale funding and is not consolidated under a holding company</u></p>	<p><u>[70 to 85] percent</u></p>
<p><u>A national bank or Federal savings association that is described in section .50(b)(1)(ii)</u></p>	<p><u>100 percent</u></p>

**PART 50 – LIQUIDITY RISK MEASUREMENT STANDARDS**

**NET STABLE FUNDING RATIO**

**§50.1 Purpose and applicability.**

\* \* \* \* \*

(c) *Applicability of the minimum stable funding standard.* (1) A national bank or Federal savings association is subject to the minimum stable funding and other requirements of subparts K through M if:

(i) It is a GSIB depository institution, a Category II national bank or Federal savings association, a Category III national bank or Federal savings association that is the consolidated subsidiary of a Category III Board-regulated institution pursuant to 12 CFR 249.3 with \$75 billion or more in average weighted short-term wholesale funding, or a Category III national bank or Federal savings association with \$75 billion or more in average weighted short-term wholesale funding that is not consolidated under a holding company;

(ii) It is a national bank or Federal savings association **that has total consolidated assets equal to \$10 billion or more, or reported on the most recent year-end Call Report, and is a consolidated subsidiary of a covered intermediate holding company that:**

(A) Has total consolidated assets of \$250 billion or more, as reported on the most recent year-end (as applicable):

(1) Consolidated Financial Statements for Holding Companies reporting form (FR Y-9C), or, if the covered intermediate **holding company is not required to report on the FR Y-9C, its estimated consolidated assets as of the most recent year end, calculated in accordance with the instructions to the FR Y-9C;**

(2) Call Report; or

(B) Has **total consolidated on-balance sheet foreign exposure at the most recent year-end equal to \$10 billion or more (where total on-balance sheet foreign exposure equals total cross-border claims less claims with a head office or guarantor located in another country plus redistributed guaranteed amounts to the country of the head office or guarantor plus local country claims on local residents plus revaluation gains on foreign exchange and derivative transaction products, calculated in accordance with the Federal Financial Institutions Examination Council (FFIEC) 009 Country Exposure Report);**

(iii) It is a Category III national bank or Federal savings association that meets the criteria in § 50.120(a) but does not meet the criteria in paragraph (d)(1)(i) of this section, and is subject to the requirements of this part in accordance with subpart M of this part;

(iv) The OCC has determined that application of this part is appropriate in light of the national bank’s or Federal savings association’s asset size, level of complexity, risk profile,

scope of operations, affiliation with foreign or domestic covered entities, or risk to the financial system.

(2) (i) A national bank or Federal savings association that becomes subject to the minimum stable funding standard and other requirements of subparts K through M of this part under paragraph (d)(1)(i) of this section on the effective date, must comply with the requirements of these subparts beginning on the first day of the second calendar quarter after which the national bank or Federal savings association becomes subject to the minimum stable funding standard and other requirements of this part.

(ii) A national bank or Federal savings association that becomes subject to the minimum stable funding standard and other requirements of subparts K through M of this part under paragraphs (d)(1)(ii) of this section after the effective date must comply with the requirements of subparts K through M of this part beginning on April 1 of the year in which the national bank or Federal savings association becomes subject to the minimum stable funding standard and other requirements of subparts K through M of this part: and

(iii) A national bank or Federal savings association that becomes subject to the minimum stable funding standard and other requirements of subparts K through M of this part under paragraph (d)(1)(iv) of this section after the effective date must comply with the requirements of subparts K through M of this part on the date specified by the OCC.

(3) Subparts K through M do not apply to:

(i) A bridge financial company as defined in 12 U.S.C. 5381(a)(3), or a subsidiary of a bridge financial company; or

(ii) A new depository institution or a bridge depository institution, as defined in 12 U.S.C. 1813(i).

(4) A national bank or Federal savings association subject to a minimum liquidity standard under this part shall remain subject until the OCC determines in writing that application of this part to the national bank or Federal savings association is not appropriate in light of the national bank's or Federal savings association's asset size, level of complexity, risk profile, scope of operations, affiliation with foreign or domestic covered entities, or risk to the financial system.

(5) In making a determination under paragraphs (d)(1)(iv) or (4) of this section, the OCC will apply, as appropriate, notice and response procedures in the same manner and to the same extent as the notice and response procedures set forth in 12 CFR 3.404.

\* \* \* \* \*

## PART 50 – LIQUIDITY RISK MEASUREMENT STANDARDS

### NET STABLE FUNDING RATIO

#### Subpart M – Net stable funding ratio for certain national banks and Federal savings associations

##### §50.120 Applicability.

(a) Scope. This subpart applies to a national bank or Federal savings association that:

(1) Is a Category III national bank or Federal savings association that is a consolidated subsidiary of a depository institution holding company with less than \$75 billion in average weighted short-term wholesale funding that is a Category III Board-regulated institution, pursuant to 12 CFR 249.3; or

(2) Is a Category III national bank or Federal savings association with less than \$75 billion in average weighted short-term wholesale funding that is not consolidated under a holding company.

(b) Applicable provisions. Except as otherwise provided in this subpart, the provisions of subparts A, K, and L of this part apply to national banks and Federal savings associations that are subject to this subpart.

(c) Applicability. A national bank or Federal savings association that meets the threshold for applicability of this subpart under paragraph (a) of this section after the effective date must comply with the requirements of this subpart beginning on the first day of the second calendar quarter after which it meets the threshold set forth in paragraph (a) of this section.



## PART 50 – LIQUIDITY RISK MEASUREMENT STANDARDS

### NET STABLE FUNDING RATIO

#### Subpart M – Net stable funding ratio for certain national banks and Federal savings associations

##### §50.121 Net stable funding ratio requirement.

(a) Calculation of the net stable funding ratio. A national bank or Federal savings association subject to this subpart must calculate and maintain a net stable funding ratio in accordance with § 50.100 and this subpart.

(b) Available stable funding amount. A national bank or Federal savings association subject to this subpart must calculate its ASF amount in accordance with subpart K of this part.

(c) Required stable funding amount. A national bank or Federal savings association subject to this subpart must calculate its RSF amount in accordance with subpart K of this part, provided, however, that the RSF amount of a national bank or Federal savings association subject to this subpart equals [70 to 85] percent of the RSF amount calculated in accordance with subpart K of this part.

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

**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.

**Subpart A – General Provisions**

**§217.2 Definitions.**

\* \* \* \* \*

*Advanced approaches Board-regulated institution* means ~~a~~:

(1) A Board-regulated institution that is described in §217.100(b)(1); or

(2) A U.S. intermediate holding company that was established or designated by a foreign banking organization pursuant to 12 CFR 252.153

(i) That:

(A) Has total consolidated assets (excluding assets held by an insurance underwriting subsidiary), as defined on schedule HC-K of the FR Y-9C, equal to \$250 billion or more;

(B) Has consolidated total on-balance sheet foreign exposure on its most recent year-end Federal Financial Institutions Examination Council (FFIEC) 009 Report equal to \$10 billion or more (where total on-balance sheet foreign exposure equals total foreign countries cross-border claims on an ultimate-risk basis, plus total foreign countries claims on local residents on an ultimate-risk basis, plus total foreign countries fair value of foreign exchange and derivative products), calculated in accordance with the FFIEC 009 Country Exposure Report; or

(C) Has a subsidiary depository institution that is required, or has elected, to use 12 CFR part 3, subpart E (OCC), 12 CFR part 217, subpart E (Board), or 12 CFR part 324, subpart E (FDIC) to calculate its risk-based capital requirements.

\* \* \* \* \*

*Category II Board-regulated institution* means

(1) A depository institution holding company that is identified as a Category II banking organization pursuant to 12 CFR 252.5 or 12 CFR 238.10, as applicable;

(2) A state member bank that is a subsidiary of a company identified in paragraph (1) of this definition; or

(3) A state member bank that:

(i)(A) Has total consolidated assets, calculated based on the average of the state member bank’s total consolidated assets for the four most recent calendar quarters as reported on the Call

Report, equal to \$700 billion or more. If the state member bank has not filed the Call Report for each of the four most recent calendar quarters, total consolidated assets means the average of its total consolidated assets, as reported on the Call Report, for the most recent quarter or quarters, as applicable; or

(B) Has:

(1) Total consolidated assets, calculated based on the average of the state member bank's total consolidated assets for the four most recent calendar quarters as reported on the Call Report, of \$100 billion or more but less than \$700 billion. If the state member bank has not filed the Call Report for each of the four most recent quarters, total consolidated assets means the average of its total consolidated assets, as reported on the Call Report, for the most recent quarter or quarters, as applicable; and

(2) Cross-jurisdictional activity, calculated based on the average of its cross-jurisdictional activity for the four most recent calendar quarters, of \$75 billion or more. Cross-jurisdictional activity is the sum of cross-jurisdictional claims and cross-jurisdictional liabilities, calculated in accordance with the instructions to the FR Y-15 or equivalent reporting form.

(ii) After meeting the criteria in paragraph (3)(i) of this section, a state member bank continues to be a Category II Board-regulated institution until the state member bank:

(A) Has:

(1) Less than \$700 billion in total consolidated assets, as reported on the Call Report, for each of the four most recent calendar quarters; and

(2) Less than \$75 billion in cross-jurisdictional activity for each of the four most recent calendar quarters. Cross-jurisdictional activity is the sum of cross-jurisdictional claims and cross-jurisdictional liabilities, calculated in accordance with the instructions to the FR Y-15 or equivalent reporting form;

(B) Less than \$100 billion in total consolidated assets, as reported on the Call Report, for each of the four most recent calendar quarters; or

(C) Is a subsidiary of a global systemically important BHC.

Category III Board-regulated institution means

(1) A depository institution holding company that is identified as a Category III banking organization pursuant to 12 CFR 252.5 or 12 CFR 238.10, as applicable;

(2) A state member bank that is a subsidiary of a company identified in paragraph (1) of this definition; or

(3) A state member bank that:

(i)(A) Has total consolidated assets, calculated based on the average of the state member bank's total consolidated assets for the four most recent calendar quarters as reported on the Call

Report, equal to \$250 billion or more. If the state member bank has not filed the Call Report for each of the four most recent calendar quarters, total consolidated assets means the average of its total consolidated assets, as reported on the Call Report, for the most recent quarter or quarters, as applicable; or

(B) Has:

(1) Total consolidated assets, calculated based on the average of the state member bank's total consolidated assets for the four most recent calendar quarters as reported on the Call Report, of \$100 billion or more but less than \$250 billion. If the state member bank has not filed the Call Report for each of the four most recent calendar quarters, total consolidated assets means the average of its total consolidated assets, as reported on the Call Report, for the most recent quarter or quarters, as applicable; and

(2) At least one of the following, each calculated as the average of the four most recent calendar quarters, or if the state member bank has not filed each applicable reporting form for each of the four most recent calendar quarters, for the most recent quarter or quarters, as applicable:

(i) Total nonbank assets, calculated in accordance with the instructions to the FR Y-9LP or equivalent reporting form, equal to \$75 billion or more;

(ii) Off-balance sheet exposure equal to \$75 billion or more. Off-balance sheet exposure is a state member bank's total exposure, calculated in accordance with the instructions to the FR Y-15 or equivalent reporting form, minus the total consolidated assets of the state member bank, as reported on the Call Report; or

(iii) Weighted short-term wholesale funding, calculated in accordance with the instructions to the FR Y-15 or equivalent reporting form, equal to \$75 billion or more.

(ii) After meeting the criteria in paragraph (3)(i), a state member bank continues to be a Category III Board-regulated institution until the state member bank:

(A) Has:

(1) Less than \$250 billion in total consolidated assets, as reported on the Call Report, for each of the four most recent calendar quarters;

(2) Less than \$75 billion in total nonbank assets, calculated in accordance with the instructions to the FR Y-9LP or equivalent reporting form, for each of the four most recent calendar quarters;

(3) Less than \$75 billion in weighted short-term wholesale funding, calculated in accordance with the instructions to the FR Y-15 or equivalent reporting form, for each of the four most recent calendar quarters; and

(4) Less than \$75 billion in off-balance sheet exposure for each of the four most recent calendar quarters. Off-balance sheet exposure is a state member bank's total exposure, calculated

in accordance with the instructions to the FR Y-15 or equivalent reporting form, minus the total consolidated assets of the state member bank, as reported on the Call Report; or

(B) Has less than \$100 billion in total consolidated assets, as reported on the Call Report, for each of the four most recent calendar quarters;

(C) Is a Category II Board-regulated institution; or

(D) Is a subsidiary of a global systemically important BHC.

FR Y-15 means the Banking Organization Systemic Risk Report.

FR Y-9LP means the Parent Company Only Financial Statements for Large Holding Companies.

\*      \*      \*      \*      \*

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

**Subpart B – Capital Ratio Requirements and Buffers**

**§217.10 Minimum capital requirements.**

(a) \*\*\*

(5) For advanced approaches Board-regulated institutions [or, for Category III Board-regulated institutions](#), a supplementary leverage ratio of 3 percent.

\* \* \* \* \*

(c) *Advanced approaches capital ratio calculations.* An advanced approaches Board-regulated institution that has completed the parallel run process and received notification from the Board pursuant to §217.121(d) must determine its regulatory capital ratios as described in paragraphs (c)(1) through (3) of this section. An advanced approaches Board-regulated institution must determine its supplementary leverage ratio in accordance with paragraph (c)(4) of this section, beginning with the calendar quarter immediately following the quarter in which the Board-regulated institution meets any of the criteria in §217.100(b)(1). [A Category III Board-regulated institution must determine its supplementary leverage ratio in accordance with paragraph \(c\)\(4\) of this section, beginning with the calendar quarter immediately following the quarter in which the Board-regulated institution is identified as a Category III Board-regulated institution.](#)

\* \* \* \* \*

(4) *Supplementary leverage ratio.* (i) An advanced approaches Board-regulated institution's [or a Category III Board-regulated institution's](#) supplementary leverage ratio is the ratio of its tier 1 capital to total leverage exposure, the latter which is calculated as the sum of:

\* \* \* \* \*

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

**Subpart B – Capital Ratio Requirements and Buffers**

**§217.11 Capital conservation buffer, countercyclical capital buffer amount, and GSIB surcharge.**

~~(a) *Capital conservation buffer.* (1) *Composition of the capital conservation buffer.* The capital conservation buffer is composed solely of common equity tier 1 capital.~~

\* \* \* \* \*

(b) *Countercyclical capital buffer amount.* (1) *General.* An advanced approaches [Board-regulated institution or a Category III](#) Board-regulated institution must calculate a countercyclical capital buffer amount in accordance with the following paragraphs for purposes of determining its maximum payout ratio under Table 1 to §217.11.

(i) \*\*\*

(ii) *Amount.* An advanced approaches [Board-regulated institution or a Category III](#) Board-regulated institution has a countercyclical capital buffer amount determined by calculating the weighted average of the countercyclical capital buffer amounts established for the national jurisdictions where the Board-regulated institution’s private sector credit exposures are located, as specified in paragraphs (b)(2) and (3) of this section.

\* \* \* \* \*

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

**Subpart E – Risk-Weighted Assets – Internal Ratings-Based and Advanced Measurement Approaches**

**§217.100 Purpose, applicability, and principle of conservatism.**

\* \* \* \* \*

(b) *Applicability.* (1) This subpart applies to:

(i) A top-tier bank holding company or savings and loan holding company domiciled in the United States that:

(A) Is not a consolidated subsidiary of another bank holding company or savings and loan holding company that uses 12 CFR part 217, subpart E, to calculate its risk-based capital requirements; and

(B) That:

(1) ~~Has total consolidated assets (excluding assets held by an insurance underwriting subsidiary), as defined on schedule HC-K of the FR Y-9C, equal to \$250 billion or more;~~ Is identified as a global systemically important BHC pursuant to 12 CFR 217.402;

(2) ~~Has consolidated total on-balance sheet foreign exposure on its most recent year-end Federal Financial Institutions Examination Council (FFIEC) 009 Report equal to \$10 billion or more (where total on-balance sheet foreign exposure equals total foreign countries cross-border claims on an ultimate-risk basis, plus total foreign countries claims on local residents on an ultimate-risk basis, plus total foreign countries fair value of foreign exchange and derivative products), calculated in accordance with the FFIEC 009 Country Exposure Report;~~ Is identified as a Category II banking organization pursuant to 12 CFR 252.5 or 12 CFR 238.10; or

(3) Has a subsidiary depository institution that is required, or has elected, to use 12 CFR part 3, subpart E (OCC), 12 CFR part 217, subpart E (Board), or 12 CFR part ~~325~~324, subpart E (FDIC) to calculate its risk-based capital requirements;

(ii) A state member bank that:

(A) ~~Has total consolidated assets, as reported on the most recent year-end Consolidated Report of Condition and Income (Call Report), equal to \$250 billion or more;~~ Is a subsidiary of a global systemically important BHC;

(B) ~~Has consolidated total on-balance sheet foreign exposure on its most recent year-end Federal Financial Institutions Examination Council (FFIEC) 009 Report equal to \$10 billion or more (where total on-balance sheet foreign exposure equals total foreign countries cross-border claims on an ultimate-risk basis, plus total foreign countries claims on local residents on an ultimate-risk basis, plus total foreign countries fair value of foreign exchange and derivative~~



~~products), calculated in accordance with the FFIEC 009 Country Exposure Report;~~ Is a Category II Board-regulated institution;

(C) Is a subsidiary of a depository institution that uses 12 CFR part 3, subpart E (OCC), 12 CFR part 217, subpart E (Board), or 12 CFR part ~~325~~324, subpart E (FDIC) to calculate its risk-based capital requirements; or

(D) Is a subsidiary of a bank holding company or savings and loan holding company that uses 12 CFR part 217, subpart E, to calculate its risk-based capital requirements; ~~and~~or

(iii) Any Board-regulated institution that elects to use this subpart to calculate its risk-based capital requirements.

\* \* \* \* \*

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

**Subpart H – Risk-based Capital Surcharge for Global Systemically Important Bank Holding Companies**

**§217.406 Short-term wholesale funding score.**

\* \* \* \* \*

(b) \*\*\*

(2) Short-term wholesale funding includes the following components, ~~each as defined in paragraph (c) of this section:~~

\* \* \* \* \*

**PART 249—LIQUIDITY RISK MEASUREMENT STANDARDS (REGULATION WW)**

Authority: 12 U.S.C. 248(a), 321-338a, 481-486, 1467a(g)(1), 1818, 1828, 1831p-1, 1831o-1, 1844(b), 5365, 5366, 5368.

**Subpart A – General Provisions****§249.1 Purpose and applicability.**

\* \* \* \* \*

(b) *Applicability of Minimum Liquidity Standards.* (1) A Board-regulated institution is subject to the minimum liquidity standard and other requirements of this part if:

(i) It is a global systemically important BHC, a GSIB depository institution, a Category II Board-regulated institution, or a Category III Board-regulated institution;

(ii) It is a covered intermediate holding company that:

~~(iA) It has~~Has total consolidated assets ~~equal to~~of \$250 billion or more, as reported on the most recent year-end (as applicable):

~~(A1) Consolidated Financial Statements for Holding Companies reporting form (FR Y-9C), or, if the Board-regulated institution covered intermediate holding company~~ is not required to report on the FR Y-9C, its estimated total consolidated assets as of the most recent ~~year end~~year-end, calculated in accordance with the instructions to the FR Y-9C; or

~~(B) Consolidated Report of Condition and Income~~ (2) Call Report); or

~~(iiB) It has~~Has total consolidated on-balance sheet foreign exposure at the most recent year-end equal to \$10 billion or more (where total on-balance sheet foreign exposure equals total ~~cross-border~~cross-border claims less claims with a head office or guarantor located in another country plus redistributed guaranteed amounts to the country of the head office or guarantor plus local country claims on local residents plus revaluation gains on foreign exchange and derivative transaction products, calculated in accordance with the Federal Financial Institutions Examination Council (FFIEC) 009 Country Exposure Report);

(iii) It is a depository institution that is a consolidated subsidiary of a covered intermediate holding company described in ~~paragraphs~~paragraph (b)(1)~~(i) or~~(ii) of this section and has total consolidated assets equal to \$10 billion or more, as reported on the most recent year-end ~~Consolidated~~Call Report ~~of Condition and Income~~;

(iv) It is a covered nonbank company;

(v) It is a covered ~~depository institution~~intermediate holding company that meets the criteria in §249.60(a) but does not meet the criteria in paragraph (b)(1)~~(i) or~~(ii) of this section, and is subject to complying with the requirements of this part in accordance with subpart G of this part; or

(vi) The Board has determined that application of this part is appropriate in light of the Board-regulated institution’s asset size, level of complexity, risk profile, scope of operations, affiliation with foreign or domestic covered entities, or risk to the financial system.

~~(2) Subject to the transition periods set forth in subpart F of this part:~~

~~(2)(i) A Board-regulated institution that is becomes subject to the minimum liquidity standard and other requirements of this part under paragraph (b)(1) ~~of this section on September 30, 2014,~~ (i) must comply with the requirements of this part beginning on January 1, 2015; the first day of the second calendar quarter after which the Board-regulated institution becomes subject to the minimum liquidity standard and other requirements of this part, except:~~

~~(A) A Board-regulated institution must calculate and maintain a liquidity coverage ratio monthly, on each calculation date that is the last business day of the applicable calendar month, for the first three calendar quarters after the Board-regulated institution begins complying with the minimum liquidity standard and other requirements of this part;~~

~~(B) Beginning one year after the first year in which the Board-regulated institution becomes subject to the minimum liquidity standard and other requirements of this part under paragraph (b)(1)(i) of this section, and thereafter, the Board-regulated institution must calculate and maintain a liquidity coverage ratio on each calculation date;~~

(ii) A Board-regulated institution that becomes subject to the minimum liquidity standard and other requirements of this part under paragraphs (b)(1)(~~ii~~) through (b)(1)(iii) of this section after September 30, 2014, must comply with the requirements of this part beginning on April 1 of the year in which the Board-regulated institution becomes subject to the minimum liquidity standard and other requirements of this part, except:

(A) From April 1 to December 31 of the year in which the Board-regulated institution becomes subject to the minimum liquidity standard and other requirements of this part, the Board-regulated institution must calculate and maintain a liquidity coverage ratio monthly, on each calculation date that is the last business day of the applicable calendar month; and

(B) Beginning January 1 of the year after the first year in which the Board-regulated institution becomes subject to the minimum liquidity standard and other requirements of this part under paragraph (b)(1) of this section, and thereafter, the Board-regulated institution must calculate and maintain a liquidity coverage ratio on each calculation date; and

(iii) A Board-regulated institution that becomes subject to the minimum liquidity standard and other requirements of this part under paragraph (b)(1)(vi) of this section after September 30, 2014, must comply with the requirements of this part subject to a transition period specified by the Board.

\* \* \* \* \*

**PART 249—LIQUIDITY RISK MEASUREMENT STANDARDS (REGULATION WW)****Subpart A – General Provisions****§249.3 Definitions.**

\* \* \* \* \*

[Average weighted short-term wholesale funding has the same meaning as in 12 CFR 252.2.](#)

[Call Report means the Consolidated Reports of Condition and Income.](#)

[Category II Board-regulated institution means:](#)

[\(1\) A covered depository institution holding company that is identified as a Category II banking organization pursuant to 12 CFR 252.5 or 12 CFR 238.10;](#)

[\(2\) A state member bank that is a consolidated subsidiary of a company described in paragraph \(1\) or \(3\) and that has total consolidated assets, calculated based on the average of the state member bank's total consolidated assets for the four most recent calendar quarters as reported on the Call Report, equal to \\$10 billion or more. If the state member bank has not filed the Call Report for each of the four most recent calendar quarters, total consolidated assets means the average of its total consolidated assets, as reported on the Call Report, for the most recent quarter or quarters, as applicable. After meeting the criteria under this paragraph \(2\), a state member bank continues to be a Category II Board-regulated institution until the state member bank has less than \\$10 billion in total consolidated assets, as reported on the Call Report, for each of the four most recent calendar quarters, or the state member bank is no longer a consolidated subsidiary of a company described in paragraph \(1\) or \(3\); or](#)

[\(3\) A state member bank that:](#)

[\(i\) \(A\) Has total consolidated assets, calculated based on the average of the state member bank's total consolidated assets for the four most recent calendar quarters as reported on the Call Report, equal to \\$700 billion or more. If the state member bank has not filed the Call Report for each of the four most recent calendar quarters, total consolidated assets means the average of its total consolidated assets, as reported on the Call Report, for the most recent quarter or quarters, as applicable; or](#)

[\(B\) Has:](#)

[\(1\) Total consolidated assets, calculated based on the average of the state member bank's total consolidated assets for the four most recent calendar quarters as reported on the Call Report, of \\$100 billion or more but less than \\$700 billion. If the state member bank has not filed the Call Report for each of the four most recent calendar quarters, total consolidated assets means the average of its total consolidated assets, as reported on the Call Report, for the most recent quarter or quarters, as applicable; and](#)

[\(2\) Cross-jurisdictional activity, calculated based on the average of its cross-jurisdictional activity for the four most recent calendar quarters, of \\$75 billion or more. Cross-jurisdictional](#)

activity is the sum of cross-jurisdictional claims and cross-jurisdictional liabilities, calculated in accordance with the instructions to the FR Y-15 or equivalent reporting form.

(ii) After meeting the criteria in paragraph (3)(i) of this section, a state member bank continues to be a Category II Board-regulated institution until the state member bank:

(A)(1) Has less than \$700 billion in total consolidated assets, as reported on the Call Report, for each of the four most recent calendar quarters; and

(2) Has less than \$75 billion in cross-jurisdictional activity for each of the four most recent calendar quarters. Cross-jurisdictional activity is the sum of cross-jurisdictional claims and cross-jurisdictional liabilities, calculated in accordance with the instructions to the FR Y-15 or equivalent reporting form;

(B) Has less than \$100 billion in total consolidated assets, as reported on the Call Report, for each of the four most recent calendar quarters; or

(C) Is a GSIB depository institution.

Category III Board-regulated institution means:

(1) A covered depository institution holding company that is identified as a Category III banking organization pursuant to 12 CFR 252.5 or 12 CFR 238.10, as applicable;

(2) A state member bank that is a consolidated subsidiary of a company described in paragraph (1) or (3) and that has total consolidated assets, calculated based on the average of the state member bank's total consolidated assets for the four most recent calendar quarters as reported on the Call Report, equal to \$10 billion or more. If the state member bank has not filed the Call Report for each of the four most recent calendar quarters, total consolidated assets means the average of its total consolidated assets, as reported on the Call Report, for the most recent quarter or quarters, as applicable. After meeting the criteria under this paragraph (2), a state member bank continues to be a Category III Board-regulated institution until the state member bank has less than \$10 billion in total consolidated assets, as reported on the Call Report, for each of the four most recent calendar quarters, or the state member bank is no longer a consolidated subsidiary of a company described in paragraph (1) or (3); or

(3) A state member bank that:

(i) (A) Has total consolidated assets, calculated based on the average of the state member bank's total consolidated assets in the four most recent quarters as reported quarterly on the most recent Call Report, equal to \$250 billion or more. If the state member bank has not filed the Call Report for each of the four most recent calendar quarters, total consolidated assets means the average of its total consolidated assets, as reported on the Call Report, for the most recent quarter or quarters, as applicable; or

(B) Has:

(1) Total consolidated assets, calculated based on the average of the state member bank's total consolidated assets in the four most recent calendar quarters as reported quarterly on the most recent Call Report, of \$100 billion or more but less than \$250 billion. If the state member bank has not filed the Call Report for each of the four most recent calendar quarters, total consolidated assets means the average of its total consolidated assets, as reported on the Call Report, for the most recent quarter or quarters, as applicable; and

(2) One or more of the following, each measured as the average of the four most recent calendar quarters, or if the state member bank has not filed the FR Y-9LP or equivalent reporting form, Call Report, or FR Y-15 or equivalent reporting form, as applicable, for each of the four most recent calendar quarters, for the most recent quarter or quarters, as applicable:

(i) Total nonbank assets, calculated in accordance with instructions to the FR Y-9LP or equivalent reporting form, equal to \$75 billion or more;

(ii) Off-balance sheet exposure, calculated in accordance with the instructions to the FR Y-15 or equivalent reporting form, minus the total consolidated assets of the state member bank, as reported on the Call Report, equal to \$75 billion or more; or

(iii) Weighted short-term wholesale funding, calculated in accordance with the instructions to the FR Y-15 or equivalent reporting form, equal to \$75 billion or more.

(ii) After meeting the criteria in paragraph (3)(i) of this section, a state member bank continues to be a Category III Board-regulated institution until the state member bank:

(A)(1) Has less than \$250 billion in total consolidated assets, as reported on the Call Report, for each of the four most recent calendar quarters;

(2) Has less than \$75 billion in total nonbank assets, calculated in accordance with the instructions to the FR Y-9LP or equivalent reporting form, for each of the four most recent calendar quarters;

(3) Has less than \$75 billion in weighted short-term wholesale funding, calculated in accordance with the instructions to the FR Y-15 or equivalent reporting form, for each of the four most recent calendar quarters; and

(4) Has less than \$75 billion in off-balance sheet exposure for each of the four most recent calendar quarters. Off-balance sheet exposure is a state member bank's total exposure, calculated in accordance with the instructions to the FR Y-15 or equivalent reporting form, minus the total consolidated assets of the state member bank, as reported on the Call Report; or

(B) Has less than \$100 billion in total consolidated assets, as reported on the Call Report, for each of the four most recent calendar quarters;

(C) Is a Category II Board-regulated institution; or

(D) Is a GSIB depository institution.

Covered intermediate holding company means a U.S. intermediate holding company that:

(1) was established or designated by a foreign banking organization pursuant to 12 CFR 252.153; and

(2) Is a covered depository institution holding company.

Global systemically important BHC means a bank holding company identified as a global systemically important BHC pursuant to 12 CFR 217.402.

GSIB depository institution means a depository institution that is a consolidated subsidiary of a global systemically important BHC and has total consolidated assets equal to \$10 billion or more, calculated based on the average of the depository institution's total consolidated assets for the four most recent calendar quarters as reported on the Call Report. If the depository institution has not filed the Call Report for each of the four most recent calendar quarters, total consolidated assets means the average of its total consolidated assets, as reported on the Call Report, for the most recent calendar quarter or quarters, as applicable. After meeting the criteria under this definition, a depository institution continues to be a GSIB depository institution until the depository institution has less than \$10 billion in total consolidated assets, as reported on the Call Report, for each of the four most recent calendar quarters, or the depository institution is no longer a consolidated subsidiary of a global systemically important BHC.

FR Y-15 means the Banking Organization Systemic Risk Report.

FR Y-9LP means the Parent Company Only Financial Statements for Large Holding Companies.

\* \* \* \* \*



**PART 249—LIQUIDITY RISK MEASUREMENT STANDARDS (REGULATION WW)**

**Subpart D – Total Net Cash Outflow**

**§249.30 Total net cash outflow amount.**

(a) *Calculation of total net cash outflow amount.* As of the calculation date, a Board-regulated institution’s total net cash outflow amount equals the Board-regulated institution’s outflow adjustment percentage as determined under paragraph (c) of this section multiplied by:

- (1) The sum of the outflow amounts calculated under §249.32(a) through (l); *minus*
- (2) The lesser of:
  - (i) The sum of the inflow amounts calculated under §249.33(b) through (g); and
  - (ii) 75 percent of the amount calculated under paragraph (a)(1) of this section; *plus*
- (3) The maturity mismatch add-on as calculated under paragraph (b) of this section.

\* \* \* \* \*

(c) Outflow adjustment percentage. A Board-regulated institution’s outflow adjustment percentage is determined pursuant to Table 1 to §249.30.

	<u>Outflow adjustment percentage</u>
<u>Global systemically important BHC or GSIB depository institution</u>	<u>100 percent</u>
<u>Category II Board-regulated institution</u>	<u>100 percent</u>
<u>Category III Board-regulated institution with \$75 billion or more in average weighted short-term wholesale funding and any Category III Board-regulated institution that is a consolidated subsidiary of such a Category III Board-regulated institution</u>	<u>100 percent</u>
<u>Category III Board-regulated institution with less than \$75 billion in average weighted short-term wholesale funding and any Category III Board-regulated institution that is a consolidated subsidiary of such a Category III Board-regulated institution</u>	<u>[70 to 85] percent</u>
<u>Covered intermediate holding company that meets the criteria under section 249.1(b)(1)(ii) of this part and any Board-regulated institution subject to this part that is a</u>	<u>100 percent</u>

<u><a href="#">consolidated subsidiary of such a covered intermediate holding company.</a></u> <sup>75</sup>	
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<sup>75</sup> Covered intermediate holding companies shall remain subject to this part as in effect on October 31, 2018, until the Board amends the liquidity risk measurement standards applicable to the subsidiaries of foreign banking organizations in effect on October 31, 2018.

**PART 249—LIQUIDITY RISK MEASUREMENT STANDARDS (REGULATION WW)****Subpart G – Liquidity Coverage Ratio for Certain Bank Holding Companies****§249.60 Applicability.**

(a) *Scope.* This subpart applies to a covered ~~depository institution~~intermediate holding company ~~domiciled in the United States~~ that has total consolidated assets equal to \$50 billion or more, based on the average of the Board-regulated institution's four most recent FR Y-9Cs ~~(or, if a savings and loan holding company is not required to report on the FR Y-9C, based on the average of its estimated total consolidated assets for the most recent four quarters, calculated in accordance with the instructions to the FR Y-9C)~~ and does not meet the applicability criteria set forth in §249.1(b)(1)(ii).

(b) *Applicable provisions.* Except as otherwise provided in this subpart, the provisions of subparts A through E of this part apply to covered ~~depository institution holding~~intermediate companies that are subject to this subpart.

~~(e) *Applicability.* Subject to the transition periods set forth in §249.61:~~

~~(1) A Board-regulated institution that meets the threshold for applicability of this subpart under paragraph (a) of this section on September 30, 2014, must comply with the requirements of this subpart beginning on January 1, 2015; and~~

~~(2c) *Applicability.* Subject to the transition periods set forth in §249.61,~~ Board-regulated institution that ~~first~~ meets the threshold for applicability of this subpart under paragraph (a) of this section ~~after~~on September 30, 2014, must comply with the requirements of this subpart one year after the date it meets the threshold set forth in paragraph (a); except that a Board-regulated institution that met the applicability criteria in §249.1(b) immediately prior to meeting this threshold must comply with the requirements of this subpart beginning on the first day of the first quarter after which it meets the threshold set forth in paragraph (a) of this section.

**PART 249—LIQUIDITY RISK MEASUREMENT STANDARDS (REGULATION WW)**

**Subpart J – Disclosures**

**§249.90 Timing, method and retention of disclosures.**

\* \* \* \* \*

(b) \*\*\*

(3) A covered depository institution holding company or covered nonbank company that is subject to the minimum liquidity standard and other requirements of this part pursuant to §249.1(b)(2)([i or ii](#)); must provide the disclosures required by this subpart for the first calendar quarter beginning no later than the date it is first required to comply with the requirements of this part pursuant to §249.1(b)(2)([i or ii](#)).

\* \* \* \* \*

**PART 249—LIQUIDITY RISK MEASUREMENT STANDARDS (REGULATION WW)****NET STABLE FUNDING RATIO****§249.1 Purpose and applicability.**

\* \* \* \* \*

(d) *Applicability of the minimum stable funding standard.* (1) A Board-regulated institution is subject to the minimum stable funding standard and other requirements of subparts K through N if:

(i) It is a global systemically important BHC, a GSIB depository institution, a Category II Board-regulated institution, or a Category III Board-regulated institution with \$75 billion or more in average weighted short-term wholesale funding,

(ii) It is a covered intermediate holding company that:

(A) Has total consolidated assets of \$250 billion or more, as reported on the most recent year-end (as applicable):

(1) Consolidated Financial Statements for Holding Companies reporting form (FR Y-9C), or, if the covered intermediate holding company is not required to report on the FR Y-9C, its estimated total consolidated assets as of the most recent year end, calculated in accordance with the instructions to the FR Y-9C; or

(2) Call Report;

(B) Has total consolidated on-balance sheet foreign exposure at the most recent year-end equal to \$10 billion or more (where total on-balance sheet foreign exposure equals total cross-border claims less claims with a head office or guarantor located in another country plus redistributed guaranteed amounts to the country of the head office or guarantor plus local country claims on local residents plus revaluation gains on foreign exchange and derivative transaction products, calculated in accordance with the Federal Financial Institutions Examination Council (FFIEC) 009 Country Exposure Report);

(iii) It is a depository institution that is:

(A) A Category III Board-regulated institution; and

(B) A consolidated subsidiary of a Category III Board-regulated institution with \$75 billion or more in average weighted short-term wholesale funding;

(iv) It is a depository institution that is a consolidated subsidiary of a covered intermediate holding company described in paragraph (d)(1)(ii) of this section and has total consolidated assets equal to \$10 billion or more, as reported on the most recent year-end Call Report;

(v) It is a covered nonbank company;

(vi) It is a Category III Board-regulated institution or a covered intermediate holding company that meets the criteria in § 249.120(a), but does not meet the criteria in paragraphs (d)(1)(i) or (ii) of this section, and is subject to complying with the requirements of this part in accordance with subpart M of this part; or

(vii) The Board has determined that application of this part is appropriate in light of the Board-regulated institution’s asset size, level of complexity, risk profile, scope of operations, affiliation with foreign or domestic covered entities, or risk to the financial system.

(2)(i) A Board-regulated institution that becomes subject to the minimum stable funding standard and other requirements of subparts K through N of this part under paragraph (d)(1)(i) or (d)(1)(iii) of this section after the effective date, must comply with the requirements of these subparts beginning on the first day of the second calendar quarter after which the Board-regulated institution becomes subject to the minimum stable funding standard and other requirements of this part.

~~(3)(ii)~~ A Board-regulated institution that becomes subject to the minimum stable funding standard and other requirements of subparts K through N of this part under paragraph ~~(b)(1)(ii)~~ ~~through (iii)~~ or (d)(1)(iv) of this section after the effective date must comply with the requirements of subparts K through N of this part beginning on April 1 of the year in which the Board-regulated institution becomes subject to the minimum stable funding standard and ~~the~~ requirements of subparts K through N of this part; and,

~~(iii)~~ A Board-regulated institution that becomes subject to the minimum stable funding standard and other requirements of subparts K through N of this part under paragraph ~~(b)(1)(iv)~~ or (d)(1)(vii) of this section after the effective date must comply with the requirements of subparts K through N of this part on the date specified by the Board.

(3) Subparts K through N do not apply to:

(i) A bridge financial company as defined in 12 U.S.C. 5381(a)(3), or a subsidiary of a bridge financial company; or

(ii) A new depository institution or a bridge depository institution, as defined in 12 U.S.C. 1813(i).

(4) A Board-regulated institution subject to a minimum stable funding standard under this part shall remain subject until the Board determines in writing that application of this part to the Board-regulated institution is not appropriate, in light of the Board-regulated institution’s asset size, level of complexity, risk profile, scope of operations, affiliation with foreign or domestic covered entities, or risk to the financial system.

(5) In making a determination under paragraph (d)(1)(vii) or (4) of this section, the Board will apply, as appropriate, notice and response procedures in the same manner and to the same extent as the notice and response procedures set forth in 12 CFR 263.202.

\* \* \* \* \*

**PART 249—LIQUIDITY RISK MEASUREMENT STANDARDS (REGULATION WW)****NET STABLE FUNDING RATIO****Subpart M – Net Stable Funding Ratio for Certain Depository Institution Holding Companies****§ 249.120 Applicability.**

(a) Scope. This subpart applies to:

(1) A Category III Board-regulated institution with less than \$75 billion in average weighted short-term wholesale funding;

(2) A depository institution that is:

(i) A consolidated subsidiary of a Category III Board-regulated institution described in paragraph (a)(1) of this section; and

(ii) A Category III Board-regulated institution.

~~(a3) Scope. This subpart applies to a~~ covered ~~depository institution~~ intermediate holding company ~~domiciled in the United States~~ that has total consolidated assets equal to \$50 billion or more, based on the average of the covered ~~depository institution~~ intermediate holding company's total consolidated assets in the four most recent quarters as reported on the FR Y-9C ~~(or, if a savings and loan holding company is not required to report on the FR Y-9C, based on the average of its estimated total consolidated assets for the most recent four quarters, calculated in accordance with the instructions to the FR Y-9C)~~ and does not meet the applicability criteria set forth in § 249.1(bd).

(b) *Applicable provisions.* Except as otherwise provided in this subpart, the provisions of subparts A, K, L, and N of this part apply to ~~covered depository institution holding companies~~ Board-regulated institutions that are subject to this subpart.

(c) Applicability.

(1) A Board-regulated institution that meets the threshold for applicability of this subpart under paragraph (a)(1) or (2) of this section after the effective date must comply with the requirements of this subpart beginning on the first day of the second calendar quarter after which it meets the threshold set forth in paragraph (a) of this section.

~~(e2) Applicability.~~ A ~~covered depository~~ Board-regulated institution ~~holding company~~ that meets the threshold for applicability of this subpart under paragraph (a)(3) of this section after the effective date must comply with the requirements of this subpart beginning one year after the date it meets the threshold set forth in paragraph (a) of this section.

**PART 249—LIQUIDITY RISK MEASUREMENT STANDARDS (REGULATION WW)****NET STABLE FUNDING RATIO****Subpart M – Net Stable Funding Ratio for Certain Depository Institution Holding Companies****§ 249.121 Net stable funding ratio requirement.**

(a) *Calculation of the net stable funding ratio.* A ~~covered depository~~Board-regulated institution ~~holding company~~ subject to this subpart must calculate and maintain a net stable funding ratio in accordance with §249.100 and this subpart.

(b) *Available stable funding amount.* A ~~covered depository~~Board-regulated institution ~~holding company~~ subject to this subpart must calculate its ASF amount in accordance with subpart K of this part.

(c) *Required stable funding amount.* A ~~covered depository~~Board-regulated institution ~~holding company~~ subject to this subpart must calculate its RSF amount in accordance with subpart K of this part, provided, however, that the RSF amount of a ~~covered depository~~Board-regulated institution ~~holding company~~ subject to this subpart equals [70 to 85] percent of the RSF amount calculated in accordance with subpart K of this part.<sup>76</sup>

\* \* \* \* \*

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<sup>76</sup> Under the proposed rule to implement the net stable funding ratio (NSFR), the RSF amount of Board-regulated institution that is a covered intermediate holding company subject to this part would have equaled 70 percent of the RSF amount calculated in accordance with subpart K of this part. Upon adoption of the final NSFR rule, covered intermediate holding companies would remain subject to this part as proposed in June 1, 2016, until the Board adopts regulations that directly relate to the application of liquidity risk measurement and net stable funding standards to foreign banking organizations.



**PART 225—BANK HOLDING COMPANIES AND CHANGE IN BANK CONTROL  
(REGULATION Y)**

**Authority:** 12 U.S.C. 1817(j)(13), 1818, 1828(o), 1831i, 1831p-1, 1843(c)(8), 1844(b), 1972(1), 3106, 3108, 3310, 3331-3351, 3906, 3907, and 3909; 15 U.S.C. 1681s, 1681w, 6801 and 6805.

**Subpart B – Acquisition of Bank Securities or Assets**

**§225.8 Capital planning.**

\* \* \* \* \*

(b) \*\*\*

(i) Any top-tier bank holding company domiciled in the United States with average total consolidated assets of ~~\$50~~100 billion or more (~~\$50~~100 billion asset threshold);

\* \* \* \* \*

(2) *Average total consolidated assets.* For purposes of this section, average total consolidated assets means the average of the total consolidated assets as reported by a bank holding company on its Consolidated Financial Statements for ~~Bank~~-Holding Companies (FR Y-9C) for the four most recent consecutive quarters. If the bank holding company has not filed the FR Y-9C for each of the four most recent consecutive quarters, average total consolidated assets means the average of the ~~company's~~company's total consolidated assets, as reported on the ~~company's~~company's FR Y-9C, for the most recent quarter or consecutive quarters, as applicable. Average total consolidated assets are measured on the as-of date of the most recent FR Y-9C used in the calculation of the average.

(3) *Ongoing applicability.* A bank holding company (including any successor bank holding company) that is subject to any requirement in this section shall remain subject to such requirements unless and until its total consolidated assets fall below ~~\$50~~100 billion for each of four consecutive quarters, as reported on the FR Y-9C and effective on the as-of date of the fourth consecutive FR Y-9C.

\* \* \* \* \*

(c) *Transitional arrangements—(1) Transition periods for certain bank holding companies.* (i) A bank holding company that meets the ~~\$50~~100 billion asset threshold (as measured under paragraph (b) of this section) on or before September 30 of a calendar year must comply with the requirements of this section beginning on January 1 of the next calendar year, unless that time is extended by the Board in writing.

(ii) A bank holding company that meets the ~~\$50~~100 billion asset threshold after September 30 of a calendar year must comply with the requirements of this section beginning on January 1 of the second calendar year after the bank holding company meets the ~~\$50~~100 billion asset threshold, unless that time is extended by the Board in writing.

\* \* \* \* \*

(d) \*\*\*

(9) *Large and noncomplex bank holding company* means any bank holding company subject to this section that, as of December 31 of the calendar year prior to the capital plan cycle, ~~is~~ is

(i) A Category IV banking organization pursuant to 12 CFR 252.5; or

(ii) A U.S. intermediate holding company subject to this section pursuant to 12 CFR 252.153 that:

~~(A)~~ (A) Has average total consolidated assets of less than \$250 billion; and

~~(B)~~ (B) Has average total nonbank assets of less than \$75 billion; ~~and~~ .

\* \* \* \* \*

**PART 238—SAVINGS AND LOAN HOLDING COMPANIES (REGULATION LL)**

**Authority:** 5 U.S.C. 552, 559; 12 U.S.C. 1462, 1462a, 1463, 1464, 1467, 1467a, 1468, 1813, 1817, 1829e, 1831i, 1972; 15 U.S.C. 78 l.

**Subpart A – General Provisions**

**§238.2 Definitions.**

\* \* \* \* \*

(v) Average cross-jurisdictional activity. A banking organization’s average cross-jurisdictional activity is equal to the average of its cross jurisdictional activity for the four most recent calendar quarters or, if the company has not filed the FR Y-15 for each of the four most recent calendar quarters, for the most recent quarter or quarters, as applicable. Cross-jurisdictional activity is the sum of cross-jurisdictional claims and cross-jurisdictional liabilities.

(w) Average off-balance sheet exposure. A banking organization’s average off-balance sheet exposure is equal to the average of its off-balance sheet exposure for the four most recent calendar quarters or, if the banking organization has not filed each of the applicable reporting forms for each of the four most recent calendar quarters, for the most recent quarter or quarters, as applicable. Off-balance sheet exposure is equal to:

(1) The total exposures of the banking organization, as reported by the banking organization on the FR Y-15 for each of the four most recent calendar quarters, or for the most recent quarter or quarters, as applicable; minus

(2) The total consolidated assets of the banking organization.

(x) Average total consolidated assets. Average total consolidated assets of a banking organization are equal to its consolidated assets, calculated based on the average of the holding company’s total consolidated assets in the four most recent quarters as reported quarterly on the FR Y-9C. If the holding company has not filed the FR Y-9C for each of the four most recent consecutive quarters, total consolidated assets means the average of its total consolidated assets, as reported on the FR Y-9C, for the most recent quarter or consecutive quarters, as applicable. Total consolidated assets are measured on the as-of date of the most recent FR Y-9C used in the calculation of the average.

(y) Average total nonbank assets. A banking organization’s average total nonbank assets is equal to the average of the total nonbank assets of the banking organization, as reported on the FR Y-9LP, for the four most recent calendar quarters or, if the organization has not filed the FR Y-9LP for each of the four most recent calendar quarters, for the most recent quarter or quarters, as applicable.

(z) Average weighted short-term wholesale funding. A banking organization’s average weighted short-term wholesale funding is equal to the average of the banking organization’s weighted short-term wholesale funding, as reported on the FR Y-15, for each of the four most

recent calendar quarters or, if the banking organization has not filed the FR Y-15 for each of the four most recent calendar quarters, for the most recent quarter or quarters, as applicable.

(aa) *Banking organization.* Banking organization means a covered savings and loan holding company that is:

(1) Incorporated in or organized under the laws of the United States or in any State; and

(2) Not a consolidated subsidiary of a covered savings and loan holding company that is incorporated in or organized under the laws of the United States or in any State.

(bb) *Category II savings and loan holding company* means a covered savings and loan holding company identified as a Category II banking organization pursuant to section 238.10.

(cc) *Category III savings and loan holding company* means a covered savings and loan holding company identified as a Category III banking organization pursuant to section 238.10.

(dd) *Category IV savings and loan holding company* means a covered savings and loan holding company identified as a Category IV banking organization pursuant to section 238.10.

(ee) *Covered savings and loan holding company* means a savings and loan holding company other than:

(1) A top-tier savings and loan holding company that is:

(i) A grandfathered unitary savings and loan holding company as defined in section 10(c)(9)(C) of the Home Owners' Loan Act (12 U.S.C. 1461 *et seq.*); and

(ii) As of June 30 of the previous calendar year, derived 50 percent or more of its total consolidated assets or 50 percent of its total revenues on an enterprise-wide basis (as calculated under GAAP) from activities that are not financial in nature under section 4(k) of the Bank Holding Company Act (12 U.S.C. 1842(k));

(2) A top-tier depository institution holding company that is an insurance underwriting company; or

(3)(i) A top-tier depository institution **holding company that, as of June 30 of the** previous calendar year, held 25 percent or more of its total consolidated assets in subsidiaries that are insurance underwriting companies (other than assets associated with insurance for credit risk); and

(ii) For purposes of paragraph 3(i) of this definition, the company must calculate its total consolidated assets in accordance with GAAP, or if the company does not calculate its total consolidated assets under GAAP for any regulatory purpose (including compliance with applicable securities laws), the company may estimate its total consolidated assets, subject to review and adjustment by the Board of Governors of the Federal Reserve System.

(ff) *Cross-jurisdictional activity.* A banking organization's cross-jurisdictional activity is equal to the sum of its cross-jurisdictional claims and cross-jurisdictional liabilities, as reported on the FR Y-15.

(gg) *Foreign banking organization* has the same meaning as in §211.21(o) of the Board's Regulation K (12 CFR 211.21(o)).

(hh) *FR Y-9C* means the Consolidated Financial Statements for Holding Companies reporting form.

(ii) *FR Y-15* means the Banking Organization Systemic Risk Report.

(jj) *FR Y-9LP* means the Parent Company Only Financial Statements of Large Holding Companies.

(kk) *GAAP* means generally accepted accounting principles as used in the United States.

(ll) *Off-balance sheet exposure.* A banking organization's off-balance sheet exposure is equal to:

(1) The total exposure of the banking organization, as reported by the banking organization on the FR Y-15; minus

(2) The total consolidated assets of the banking organization for the same calendar quarter.

(mm) *Section 2(h)(2) company* has the same meaning as in section 2(h)(2) of the Bank Holding Company Act (12 U.S.C. 1841(h)(2)).

(nn) *State* means any state, commonwealth, territory, or possession of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, American Samoa, Guam, or the United States Virgin Islands.

(oo) *Total consolidated assets.* Total consolidated assets of a banking organization are equal to its consolidated assets, as reported on the FR Y-9C.

(pp) *Total nonbank assets.* A banking organization's total nonbank assets are equal to the total nonbank assets of the banking organization, as reported on the FR Y-9LP.

(qq) *U.S. government agency* means an agency or instrumentality of the United States whose obligations are fully and explicitly guaranteed as to the timely payment of principal and interest by the full faith and credit of the United States.

(rr) *U.S. government-sponsored enterprise* means an entity originally established or chartered by the U.S. government to serve public purposes specified by the U.S. Congress, but whose obligations are not explicitly guaranteed by the full faith and credit of the United States.

(ss) *Weighted short-term wholesale funding.* A banking organization's weighted short-term wholesale funding is equal to the banking organization's weighted short-term wholesale funding, as reported on the FR Y-15.

**PART 238—SAVINGS AND LOAN HOLDING COMPANIES (REGULATION LL)****§238.10 Categorization of banking organization.**

(a) General. A banking organization with average total consolidated assets of \$100 billion or more must determine its category among the three categories described in paragraphs (b)-(d) of this section at least quarterly.

(b) Category II. (1) A banking organization is a Category II banking organization if the banking organization has:

(i) \$700 billion or more in average total consolidated assets; or

(ii) (A) \$75 billion or more in average cross-jurisdictional activity; and

(B) \$100 billion or more in average total consolidated assets.

(2) After meeting the criteria in paragraph (b)(1) of this section, a banking organization continues to be a Category II banking organization until the banking organization has:

(i)(A) Less than \$700 billion in total consolidated assets for each of the four most recent calendar quarters; and

(B) Less than \$75 billion in cross-jurisdictional activity for each of the four most recent calendar quarters; or

(ii) Less than \$100 billion in total consolidated assets for each of the four most recent calendar quarters.

(c) Category III. (1) A banking organization is a Category III banking organization if the banking organization:

(i) Has (A) \$250 billion or more in average total consolidated assets; or

(B) \$100 billion or more in average total consolidated assets and at least:

(1) \$75 billion in average total nonbank assets;

(2) \$75 billion in average weighted short-term wholesale funding; or

(3) \$75 billion in average off-balance sheet exposure; and

(ii) Is not a Category II banking organization.

(2) After meeting the criteria in paragraph (c)(1) of this section, a banking organization continues to be a Category III banking organization until the banking organization:

(i) Has (A) Less than \$250 billion in total consolidated assets for each of the four most recent calendar quarters;

(B) Less than \$75 billion in total nonbank assets for each of the four most recent calendar quarters;

(C) Less than \$75 billion in weighted short-term wholesale funding for each of the four most recent calendar quarters; and

(D) Less than \$75 billion in off-balance sheet exposure for each of the four most recent calendar quarters; or

(i) Has less than \$100 billion in total consolidated assets for each of the four most recent calendar quarters; or

(iii) Meets the criteria in paragraph (b)(1) of this section to be a Category II banking organization.

(d) Category IV. (1) A banking organization with average total consolidated assets of \$100 billion or more is a Category IV banking organization if the banking organization:

(i) Is not a Category II banking organization; and

(ii) Is not a Category III banking organization.

(2) After meeting the criteria in paragraph (d)(1) of this section, a banking organization continues to be a Category IV banking organization until the banking organization:

(i) Has less than \$100 billion in total consolidated assets for each of the four most recent calendar quarters;

(ii) Meets the criteria in paragraph (b)(1) of this section to be a Category II banking organization; or

(iii) Meets the criteria in paragraph (c)(1) of this section to be a Category III banking organization.



**PART 238—SAVINGS AND LOAN HOLDING COMPANIES (REGULATION LL)**

**Subpart M – Risk Committee Requirement for Covered Savings and Loan Holding Companies With Total Consolidated Assets of \$50 Billion or Greater and Less Than \$100 Billion**

**§238.118 Applicability.**

(a) General applicability. A covered savings and loan bank holding company must comply with the risk-committee requirements set forth in this subpart beginning on the first day of the ninth quarter, following the date on which its total consolidated assets equal or exceed \$50 billion.

(b) Total consolidated assets. Total consolidated assets of a covered savings and loan holding company for purposes of this subpart are equal to its consolidated assets, calculated based on the average of the covered savings and loan holding company's total consolidated assets in the four most recent quarters as reported quarterly on its FR Y-9C. If the covered savings and loan holding company has not filed the FR Y-9C for each of the four most recent calendar quarters, total consolidated assets means the average of its total consolidated assets, as reported on the FR Y-9C, for the most recent calendar quarter or quarters, as applicable. Total consolidated assets are measured on the as-of date of the most recent FR Y-9C used in the calculation of the average.

(c) Cessation of requirements. A covered savings and loan holding company will remain subject to the requirements of this subpart until the earlier of the date on which:

(1) Its reported total consolidated assets on the FR Y-9C are below \$50 billion for each of four consecutive calendar quarters; and

(2) It becomes subject to the requirements of subpart N of this part.

**PART 238—SAVINGS AND LOAN HOLDING COMPANIES (REGULATION LL)****Subpart M – Risk Committee Requirement for Covered Savings and Loan Holding Companies With Total Consolidated Assets of \$50 Billion or Greater and Less Than \$100 Billion****§238.119 Risk committee requirement for covered savings and loan holding companies with **total consolidated assets of \$50 billion or more.****

(a) Risk committee—(1) General. A covered savings and loan holding company with total consolidated assets of \$50 billion or more must maintain a risk committee that approves and periodically reviews the risk-management policies of the covered savings and loan holding company's global operations and oversees the operation of the company's global risk-management framework.

(2) Risk-management framework. The covered savings and loan holding company's global risk-management framework must be commensurate with its structure, risk profile, complexity, activities, and size and must include:

(i) Policies and procedures establishing risk-management governance, risk-management procedures, and risk-control infrastructure for its global operations; and

(ii) Processes and systems for implementing and monitoring compliance with such policies and procedures, including:

(A) Processes and systems for identifying and reporting risks and risk-management deficiencies, including regarding emerging risks, and ensuring effective and timely implementation of actions to address emerging risks and risk-management deficiencies for its global operations;

(B) Processes and systems for establishing managerial and employee responsibility for risk management;

(C) Processes and systems for ensuring the independence of the risk-management function; and

(D) Processes and systems to integrate risk management and associated controls with management goals and its compensation structure for its global operations.

(3) Corporate governance requirements. The risk committee must:

(i) Have a formal, written charter that is approved by the covered savings and loan holding company's board of directors;

(ii) Be an independent committee of the board of directors that has, as its sole and exclusive function, responsibility for the risk-management policies of the covered savings and loan holding company's global operations and oversight of the operation of the company's global risk-management framework;

(iii) Report directly to the covered savings and loan holding company's board of directors;

(iv) Receive and review regular reports on a not less than a quarterly basis from the covered savings and loan holding company's chief risk officer provided pursuant to paragraph (b)(3)(ii) of this section; and

(v) Meet at least quarterly, or more frequently as needed, and fully document and maintain records of its proceedings, including risk-management decisions.

(4) *Minimum member requirements.* The risk committee must:

(i) Include at least one member having experience in identifying, assessing, and managing risk exposures of large, complex financial firms; and

(ii) Be chaired by a director who:

(A) Is not an officer or employee of the covered savings and loan holding company and has not been an officer or employee of the covered savings and loan holding company during the previous three years;

(B) Is not a member of the immediate family, as defined in 238.31(b)(3) of this section, of a person who is, or has been within the last three years, an executive officer of the covered savings and loan holding company, as defined in section 215.2(e)(1) of the Board's Regulation O (12 CFR 215.2(e)(1)); and

(C)(1) Is an independent director under Item 407 of the Securities and Exchange Commission's Regulation S-K (17 CFR 229.407(a)), if the covered savings and loan holding company has an outstanding class of securities traded on an exchange registered with the U.S. Securities and Exchange Commission as a national securities exchange under section 6 of the Securities Exchange Act of 1934 (15 U.S.C. 78f) (national securities exchange); or

(2) Would qualify as an independent director under the listing standards of a national securities exchange, as demonstrated to the satisfaction of the Board, if the covered savings and loan holding company does not have an outstanding class of securities traded on a national securities exchange.

(b) *Chief risk officer—(1) General.* A covered savings and loan holding company with total consolidated assets of \$50 billion or more must appoint a chief risk officer with experience in identifying, assessing, and managing risk exposures of large, complex financial firms.

(2) *Responsibilities.* (i) The chief risk officer is responsible for overseeing:

(A) The establishment of risk limits on an enterprise-wide basis and the monitoring of compliance with such limits;

(B) The implementation of and ongoing compliance with the policies and procedures set forth in paragraph (a)(2)(i) of this section and the development and implementation of the processes and systems set forth in paragraph (a)(2)(ii) of this section; and

(C) The management of risks and risk controls within the parameters of the company's risk control framework, and monitoring and testing of the company's risk controls.

(ii) The chief risk officer is responsible for reporting risk-management deficiencies and emerging risks to the risk committee and resolving risk-management deficiencies in a timely manner.

(3) Corporate governance requirements. (i) The covered savings and loan holding company must ensure that the compensation and other incentives provided to the chief risk officer are consistent with providing an objective assessment of the risks taken by the company; and

(ii) The chief risk officer must report directly to both the risk committee and chief executive officer of the company.

**PART 238—SAVINGS AND LOAN HOLDING COMPANIES (REGULATION LL)**

**Subpart N – Risk Committee, Liquidity Risk Management, and Liquidity Buffer Requirements for Covered Savings and Loan Holding Companies With Total Consolidated Assets of \$100 Billion or More**

**§238.120 Scope.**

This subpart applies to covered savings and loan holding companies with total consolidated assets of \$100 billion or more. Total consolidated assets of a covered savings and loan holding company are equal to the consolidated assets of the covered savings and loan holding company, as calculated in accordance with §238.121(b).

**PART 238—SAVINGS AND LOAN HOLDING COMPANIES (REGULATION LL)****Subpart N – Risk Committee, Liquidity Risk Management, and Liquidity Buffer Requirements for Covered Savings and Loan Holding Companies With Total Consolidated Assets of \$100 Billion or More****§238.121 Applicability.**

(a) Applicability. (1) Subject to the initial applicability provisions of paragraph (c) of this section, a covered savings and loan holding company must comply with the risk-management and risk-committee requirements set forth in §238.122 and the liquidity risk-management and liquidity stress test requirements set forth in §§238.123 and 238.124 no later than the first day of the fifth quarter following the date on which its total consolidated assets equal or exceed \$100 billion.

(2) Changes in requirements following a change in category. A covered savings and loan holding company with total consolidated assets of \$100 billion or more that changes from one category of covered savings and loan holding company described in §238.10(b)-(d) to another such category must comply with the requirements applicable to the new category no later than on the first day of the second calendar quarter following the change in the covered savings and loan holding company's category.

(b) Total consolidated assets. Total consolidated assets of a covered savings and loan holding company for the purposes of this subpart are equal to its consolidated assets, calculated based on the average of the covered savings and loan holding company's total consolidated assets for the four most recent quarters as reported quarterly on the FR Y-9C. If the covered savings and loan holding company has not filed the FR Y-9C for each of the four most recent calendar quarters, total consolidated assets means the average of its total consolidated assets, as reported on the FR Y-9C, for the most recent calendar quarter or quarters, as applicable. Total consolidated assets are measured on the as-of date of the most recent FR Y-9C used in the calculation of the average.

(c) Cessation of requirements. A covered savings and loan holding company is subject to the risk-management and risk committee requirements set forth in §238.122 and the liquidity risk-management and liquidity stress test requirements set forth in §§238.123 and 238.124 until its reported total consolidated assets on the FR Y-9C are below \$100 billion for each of four consecutive calendar quarters.

**PART 238—SAVINGS AND LOAN HOLDING COMPANIES (REGULATION LL)****Subpart N – Risk Committee, Liquidity Risk Management, and Liquidity Buffer Requirements for Covered Savings and Loan Holding Companies With Total Consolidated Assets of \$100 Billion or More****§238.122 Risk-management and risk committee requirements.**

(a) Risk committee—(1) General. A covered savings and loan holding company with total consolidated assets of \$100 billion or more must maintain a risk committee that approves and periodically reviews the risk-management policies of the covered savings and loan holding company’s global operations and oversees the operation of the covered savings and loan holding company’s global risk-management framework. The risk committee’s responsibilities include liquidity risk-management as set forth in §238.123(b).

(2) Risk-management framework. The covered savings and loan holding company’s global risk-management framework must be commensurate with its structure, risk profile, complexity, activities, and size and must include:

(i) Policies and procedures establishing risk-management governance, risk-management procedures, and risk-control infrastructure for its global operations; and

(ii) Processes and systems for implementing and monitoring compliance with such policies and procedures, including:

(A) Processes and systems for identifying and reporting risks and risk-management deficiencies, including regarding emerging risks, and ensuring effective and timely implementation of actions to address emerging risks and risk-management deficiencies for its global operations;

(B) Processes and systems for establishing managerial and employee responsibility for risk management;

(C) Processes and systems for ensuring the independence of the risk-management function; and

(D) Processes and systems to integrate risk management and associated controls with management goals and its compensation structure for its global operations.

(3) Corporate governance requirements. The risk committee must:

(i) Have a formal, written charter that is approved by the covered savings and loan holding company’s board of directors;

(ii) Be an independent committee of the board of directors that has, as its sole and exclusive function, responsibility for the risk-management policies of the covered savings and loan holding company’s global operations and oversight of the operation of the covered savings and loan holding company’s global risk-management framework;

(iii) Report directly to the covered savings and loan holding company’s board of directors;

(iv) Receive and review regular reports on not less than a quarterly basis from the covered savings and loan holding company’s chief risk officer provided pursuant to paragraph (b)(3)(ii) of this section; and

(v) Meet at least quarterly, or more frequently as needed, and fully document and maintain records of its proceedings, including risk-management decisions.

(4) *Minimum member requirements.* The risk committee must:

(i) Include at least one member having experience in identifying, assessing, and managing risk exposures of large, complex financial firms; and

(ii) Be chaired by a director who:

(A) Is not an officer or employee of the covered savings and loan holding company and has not been an officer or employee of the covered savings and loan holding company during the previous three years;

(B) Is not a member of the immediate family, as defined in section 238.31(b)(3), of a person who is, or has been within the last three years, an executive officer of the covered savings and loan holding company, as defined in section 215.2(e)(1) of the Board’s Regulation O (12 CFR 215.2(e)(1)); and

(C)(1) Is an independent director under Item 407 of the Securities and Exchange Commission’s Regulation S-K (17 CFR 229.407(a)), if the covered savings and loan holding company has an outstanding class of securities traded on an exchange registered with the U.S. Securities and Exchange Commission as a national securities exchange under section 6 of the Securities Exchange Act of 1934 (15 U.S.C. 78f) (national securities exchange); or

(2) Would qualify as an independent director under the listing standards of a national securities exchange, as demonstrated to the satisfaction of the Board, if the covered savings and loan holding company does not have an outstanding class of securities traded on a national securities exchange.

(b) *Chief risk officer—(1) General.* A covered savings and loan holding company with total consolidated assets of \$100 billion or more must appoint a chief risk officer with experience in identifying, assessing, and managing risk exposures of large, complex financial firms.

(2) *Responsibilities.* (i) The chief risk officer is responsible for overseeing:

(A) The establishment of risk limits on an enterprise-wide basis and the monitoring of compliance with such limits;

(B) The implementation of and ongoing compliance with the policies and procedures set forth in paragraph (a)(2)(i) of this section and the development and implementation of the processes and systems set forth in paragraph (a)(2)(ii) of this section; and



(C) The management of risks and risk controls within the parameters of the company's risk control framework, and monitoring and testing of the company's risk controls.

(ii) The chief risk officer is responsible for reporting risk-management deficiencies and emerging risks to the risk committee and resolving risk-management deficiencies in a timely manner.

(3) Corporate governance requirements. (i) The covered savings and loan holding company must ensure that the compensation and other incentives provided to the chief risk officer are consistent with providing an objective assessment of the risks taken by the covered savings and loan holding company; and

(ii) The chief risk officer must report directly to both the risk committee and chief executive officer of the company.

**PART 238—SAVINGS AND LOAN HOLDING COMPANIES (REGULATION LL)****Subpart N – Risk Committee, Liquidity Risk Management, and Liquidity Buffer Requirements for Covered Savings and Loan Holding Companies With Total Consolidated Assets of \$100 Billion or More****§238.123 Liquidity risk-management requirements.**

(a) Responsibilities of the board of directors—(1) Liquidity risk tolerance. The board of directors of a covered savings and loan holding company with total consolidated assets of \$100 billion or more must:

(i) Approve the acceptable level of liquidity risk that the covered savings and loan holding company may assume in connection with its operating strategies (liquidity risk tolerance) at least annually, taking into account the covered savings and loan holding company's capital structure, risk profile, complexity, activities, and size; and

(ii) Receive and review at least semiannually information provided by senior management to determine whether the covered savings and loan holding company is operating in accordance with its established liquidity risk tolerance.

(b) Responsibilities of the risk committee. The risk committee (or a designated subcommittee of such committee composed of members of the board of directors) must approve the contingency funding plan described in paragraph (f) of this section at least annually, and must approve any material revisions to the plan prior to the implementation of such revisions.

(c) Responsibilities of senior management—(1) Liquidity risk. (i) Senior management of a covered savings and loan holding company with total consolidated assets of \$100 billion or more must establish and implement strategies, policies, and procedures designed to effectively manage the risk that the covered savings and loan holding company's financial condition or safety and soundness would be adversely affected by its inability or the market's perception of its inability to meet its cash and collateral obligations (liquidity risk). The board of directors must approve the strategies, policies, and procedures pursuant to paragraph (a)(2) of this section.

(ii) Senior management must oversee the development and implementation of liquidity risk measurement and reporting systems, including those required by this section and §238.124.

(iii) Senior management must determine at least quarterly whether the covered savings and loan holding company is operating in accordance with such policies and procedures and whether the covered savings and loan holding company is in compliance with this section and §238.124 (or more often, if changes in market conditions or the liquidity position, risk profile, or financial condition warrant), and establish procedures regarding the preparation of such information.

(2) Liquidity risk tolerance. Senior management must report to the board of directors or the risk committee regarding the covered savings and loan holding company's liquidity risk profile and liquidity risk tolerance at least quarterly (or more often, if changes in market conditions or the liquidity position, risk profile, or financial condition of the company warrant).

(3) Business lines or products. (i) Senior management must approve new products and business lines and evaluate the liquidity costs, benefits, and risks of each new business line and each new product that could have a significant effect on the company's liquidity risk profile. The approval is required before the company implements the business line or offers the product. In determining whether to approve the new business line or product, senior management must consider whether the liquidity risk of the new business line or product (under both current and stressed conditions) is within the company's established liquidity risk tolerance.

(ii) Senior management must review at least annually significant business lines and products to determine whether any line or product creates or has created any unanticipated liquidity risk, and to determine whether the liquidity risk of each strategy or product is within the company's established liquidity risk tolerance.

(4) Cash-flow projections. Senior management must review the cash-flow projections produced under paragraph (e) of this section at least quarterly (or more often, if changes in market conditions or the liquidity position, risk profile, or financial condition of the covered savings and loan holding company warrant) to ensure that the liquidity risk is within the established liquidity risk tolerance.

(5) Liquidity risk limits. Senior management must establish liquidity risk limits as set forth in paragraph (g) of this section and review the company's compliance with those limits at least quarterly (or more often, if changes in market conditions or the liquidity position, risk profile, or financial condition of the company warrant).

(6) Liquidity stress testing. Senior management must:

(i) Approve the liquidity stress testing practices, methodologies, and assumptions required in §238.124(a) at least quarterly, and whenever the covered savings and loan holding company materially revises its liquidity stress testing practices, methodologies or assumptions;

(ii) Review the liquidity stress testing results produced under §238.124(a) at least quarterly;

(iii) Review the independent review of the liquidity stress tests under §238.123(d) periodically; and

(iv) Approve the size and composition of the liquidity buffer established under §238.124(b) at least quarterly.

(d) Independent review function. (1) A covered savings and loan holding company with total consolidated assets of \$100 billion or more must establish and maintain a review function that is independent of management functions that execute funding to evaluate its liquidity risk management.

(2) The independent review function must:

(i) Regularly, but no less frequently than annually, review and evaluate the adequacy and effectiveness of the company's liquidity risk management processes, including its liquidity stress test processes and assumptions;

(ii) Assess whether the company's liquidity risk-management function complies with applicable laws and regulations, and sound business practices; and

(iii) Report material liquidity risk management issues to the board of directors or the risk committee in writing for corrective action, to the extent permitted by applicable law.

(e) Cash-flow projections. (1) A covered savings and loan holding company with total consolidated assets of \$100 billion or more must produce comprehensive cash flow projections that project cash flows arising from assets, liabilities, and off-balance sheet exposures over, at a minimum, short- and long-term time horizons. The covered savings and loan holding company must update short-term cash-flow projections daily and must update longer-term cash-flow projections at least monthly.

(2) The covered savings and loan holding company must establish a methodology for making cash-flow projections that results in projections that:

(i) Include cash flows arising from contractual maturities, intercompany transactions, new business, funding renewals, customer options, and other potential events that may impact liquidity;

(ii) Include reasonable assumptions regarding the future behavior of assets, liabilities, and off-balance sheet exposures;

(iii) Identify and quantify discrete and cumulative cash flow mismatches over these time periods; and

(iv) Include sufficient detail to reflect the capital structure, risk profile, complexity, currency exposure, activities, and size of the covered savings and loan holding company and include analyses by business line, currency, or legal entity as appropriate.

(3) The covered savings and loan holding company must adequately document its methodology for making cash flow projections and the included assumptions and submit such documentation to the risk committee.

(f) Contingency funding plan. (1) A covered savings and loan holding company with total consolidated assets of \$100 billion or more must establish and maintain a contingency funding plan that sets out the company's strategies for addressing liquidity needs during liquidity stress events. The contingency funding plan must be commensurate with the company's capital structure, risk profile, complexity, activities, size, and established liquidity risk tolerance. The company must update the contingency funding plan at least annually, and when changes to market and idiosyncratic conditions warrant.

(2) Components of the contingency funding plan—(i) Quantitative assessment. The contingency funding plan must:

(A) Identify liquidity stress events that could have a significant impact on the covered savings and loan holding company's liquidity;

(B) Assess the level and nature of the impact on the covered savings and loan holding company's liquidity that may occur during identified liquidity stress events;

(C) Identify the circumstances in which the covered savings and loan holding company would implement its action plan described in paragraph (f)(2)(ii)(A) of this section, which circumstances must include failure to meet any minimum liquidity requirement imposed by the Board;

(D) Assess available funding sources and needs during the identified liquidity stress events;

(E) Identify alternative funding sources that may be used during the identified liquidity stress events; and

(F) Incorporate information generated by the liquidity stress testing required under §238.124(a) of this subpart.

(ii) *Liquidity event management process.* The contingency funding plan must include an event management process that sets out the covered savings and loan holding company's procedures for managing liquidity during identified liquidity stress events. The liquidity event management process must:

(A) Include an action plan that clearly describes the strategies the company will use to respond to liquidity shortfalls for identified liquidity stress events, including the methods that the company will use to access alternative funding sources;

(B) Identify a liquidity stress event management team that would execute the action plan described in paragraph (f)(2)(ii)(A) of this section;

(C) Specify the process, responsibilities, and triggers for invoking the contingency funding plan, describe the decision-making process during the identified liquidity stress events, and describe the process for executing contingency measures identified in the action plan; and

(D) Provide a mechanism that ensures effective reporting and communication within the covered savings and loan holding company and with outside parties, including the Board and other relevant supervisors, counterparties, and other stakeholders.

(iii) *Monitoring.* The contingency funding plan must include procedures for monitoring emerging liquidity stress events. The procedures must identify early warning indicators that are tailored to the company's capital structure, risk profile, complexity, activities, and size.

(iv) *Testing.* The covered savings and loan holding company must periodically test:

(A) The components of the contingency funding plan to assess the plan's reliability during liquidity stress events;

(B) The operational elements of the contingency funding plan, including operational simulations to test communications, coordination, and decision-making by relevant management; and

(C) The methods the covered savings and loan holding company will use to access alternative funding sources to determine whether these funding sources will be readily available when needed.

(g) Liquidity risk limits—(1) General. (i) A Category II savings and loan holding company or Category III savings and loan holding company must monitor sources of liquidity risk and establish limits on liquidity risk, including limits on:

(A) Concentrations in sources of funding by instrument type, single counterparty, counterparty type, secured and unsecured funding, and as applicable, other forms of liquidity risk;

(B) The amount of liabilities that mature within various time horizons; and

(C) Off-balance sheet exposures and other exposures that could create funding needs during liquidity stress events.

(ii) Each limit established pursuant to paragraph (g)(1) of this section must be consistent with the company's established liquidity risk tolerance and must reflect the company's capital structure, risk profile, complexity, activities, and size.

(2) Liquidity risk limits for Category IV *savings and loan holding companies*. A Category IV *savings and loan holding company* must monitor sources of liquidity risk and establish limits on liquidity risk that are consistent with the company's established liquidity risk tolerance and that reflect the company's capital structure, risk profile, complexity, activities, and size.

(h) Collateral, legal entity, and intraday liquidity risk monitoring. A covered savings and loan holding company with total consolidated assets of \$100 billion or more must establish and maintain procedures for monitoring liquidity risk as set forth in this paragraph.

(1) Collateral. The covered savings and loan holding company must establish and maintain policies and procedures to monitor assets that have been, or are available to be, pledged as collateral in connection with transactions to which it or its affiliates are counterparties. These policies and procedures must provide that the covered savings and loan holding company:

(i) Calculates all of its collateral positions according to the frequency specified in paragraph (h)(1)(i)(A)-(B) or as directed by the Board, specifying the value of pledged assets relative to the amount of security required under the relevant contracts and the value of unencumbered assets available to be pledged:

(A) If the covered savings and loan holding company is not a Category IV savings and loan holding company, on a weekly basis;

(B) If the covered savings and loan holding company is a Category IV savings and loan holding company, on a monthly basis;

(ii) Monitors the levels of unencumbered assets available to be pledged by legal entity, jurisdiction, and currency exposure;

(iii) Monitors shifts in the covered savings and loan holding company's funding patterns, such as shifts between intraday, overnight, and term pledging of collateral; and

(iv) Tracks operational and timing requirements associated with accessing collateral at its physical location (for example, the custodian or securities settlement system that holds the collateral).

(2) *Legal entities, currencies and business lines.* The covered **savings and loan holding company** must establish and maintain procedures for monitoring and controlling liquidity risk exposures and funding needs within and across significant legal entities, currencies, and business lines, taking into account legal and regulatory restrictions on the transfer of liquidity between legal entities.

(3) *Intraday exposures.* The covered savings and loan holding company must establish and maintain procedures for monitoring intraday liquidity risk exposure that are consistent with the covered savings and loan holding company's capital structure, risk profile, complexity, activities, and size. If the covered savings and loan holding company is a Category II savings and loan holding company or a Category III savings and loan holding company, these procedures must address how the management of the covered savings and loan holding company will:

(i) Monitor and measure expected daily gross liquidity inflows and outflows;

(ii) Manage and transfer collateral to obtain intraday credit;

(iii) Identify and prioritize time-specific obligations so that the covered savings and loan holding company can meet these obligations as expected and settle less critical obligations as soon as possible;

(iv) Manage the issuance of credit to customers where necessary; and

(v) Consider the amounts of collateral and liquidity needed to meet payment systems obligations when assessing the covered savings and loan holding company's overall liquidity needs.

**PART 238—SAVINGS AND LOAN HOLDING COMPANIES (REGULATION LL)****Subpart N – Risk Committee, Liquidity Risk Management, and Liquidity Buffer Requirements for Covered Savings and Loan Holding Companies With Total Consolidated Assets of \$100 Billion or More****§238.124 Liquidity stress testing and buffer requirements.**

(a) Liquidity stress testing requirement—(1) General. A covered savings and loan holding company with total consolidated assets of \$100 billion or more must conduct stress tests to assess the potential impact of the liquidity stress scenarios set forth in paragraph (a)(3) on its cash flows, liquidity position, profitability, and solvency, taking into account its current liquidity condition, risks, exposures, strategies, and activities.

(i) The covered savings and loan holding company must take into consideration its balance sheet exposures, off-balance sheet exposures, size, risk profile, complexity, business lines, organizational structure, and other characteristics of the covered savings and loan holding company that affect its liquidity risk profile in conducting its stress test.

(ii) In conducting a liquidity stress test using the scenarios described in paragraphs (a)(3)(i) and (ii) of this section, the covered savings and loan holding company must address the potential direct adverse impact of associated market disruptions on the covered savings and loan holding company and incorporate the potential actions of other market participants experiencing liquidity stresses under the market disruptions that would adversely affect the covered savings and loan holding company.

(2) Frequency. The covered savings and loan holding company must perform the liquidity stress tests required under paragraph (a)(1) according to the frequency specified in paragraph (a)(2)(i)-(ii) or as directed by the Board:

(i) If the covered savings and loan holding company is not a Category IV savings and loan holding company, at least monthly; or

(ii) If the covered savings and loan holding company is a Category IV savings and loan holding company, at least quarterly.

(3) Stress scenarios. (i) Each liquidity stress test conducted under paragraph (a)(1) of this section must include, at a minimum:

(A) A scenario reflecting adverse market conditions;

(B) A scenario reflecting an idiosyncratic stress event for the covered savings and loan holding company; and

(C) A scenario reflecting combined market and idiosyncratic stresses.

(ii) The covered savings and loan holding company must incorporate additional liquidity stress scenarios into its liquidity stress test, as appropriate, based on its financial condition, size,



complexity, risk profile, scope of operations, or activities. The Board may require the covered savings and loan holding company to vary the underlying assumptions and stress scenarios.

(4) *Planning horizon.* Each stress test conducted under paragraph (a)(1) of this section must include an overnight planning horizon, a 30-day planning horizon, a 90-day planning horizon, a one-year planning horizon, and any other planning horizons that are relevant to the covered savings and loan holding company’s liquidity risk profile. For purposes of this section, a “planning horizon” is the period over which the relevant stressed projections extend. The covered savings and loan holding company must use the results of the stress test over the 30-day planning horizon to calculate the size of the liquidity buffer under paragraph (b) of this section.

(5) *Requirements for assets used as cash-flow sources in a stress test.* (i) To the extent an asset is used as a cash flow source to offset projected funding needs during the planning horizon in a liquidity stress test, the fair market value of the asset must be discounted to reflect any credit risk and market volatility of the asset.

(ii) Assets used as cash-flow sources during a planning horizon must be diversified by collateral, counterparty, borrowing capacity, and other factors associated with the liquidity risk of the assets.

(iii) A line of credit does not qualify as a cash flow source for purposes of a stress test with a planning horizon of 30 days or less. A line of credit may qualify as a cash flow source for purposes of a stress test with a planning horizon that exceeds 30 days.

(6) *Tailoring.* Stress testing must be tailored to, and provide sufficient detail to reflect, a covered savings and loan holding company’s capital structure, risk profile, complexity, activities, and size.

(7) *Governance—(i) Policies and procedures.* A covered **savings and loan holding company** with total consolidated assets of \$100 billion or more must establish and maintain policies and procedures governing its liquidity stress testing practices, methodologies, and assumptions that provide for the incorporation of the results of liquidity stress tests in future stress testing and for the enhancement of stress testing practices over time.

(ii) *Controls and oversight.* A covered savings and loan holding company with total consolidated assets of \$100 billion or more must establish and maintain a system of controls and oversight that is designed to ensure that its liquidity stress testing processes are effective in meeting the requirements of this section. The controls and oversight must ensure that each liquidity stress test appropriately incorporates conservative assumptions with respect to the stress scenario in paragraph (a)(3) of this section and other elements of the stress test process, taking into consideration the covered savings and loan holding company’s capital structure, risk profile, complexity, activities, size, business lines, legal entity or jurisdiction, and other relevant factors. The assumptions must be approved by the chief risk officer and be subject to the independent review under §238.123(d) of this subpart.

(iii) *Management information systems.* The covered savings and loan holding company must maintain management information systems and data processes sufficient to enable it to

effectively and reliably collect, sort, and aggregate data and other information related to liquidity stress testing.

(b) *Liquidity buffer requirement.* (1) A covered savings and loan holding company with total consolidated assets of \$100 billion or more must maintain a liquidity buffer that is sufficient to meet the projected net stressed cash-flow need over the 30-day planning horizon of a liquidity stress test conducted in accordance with paragraph (a) of this section under each scenario set forth in paragraph (a)(3)(i) through (ii) of this section.

(2) *Net stressed cash-flow need.* The net stressed cash-flow need for a covered savings and loan holding company is the difference between the amount of its cash-flow need and the amount of its cash flow sources over the 30-day planning horizon.

(3) *Asset requirements.* The liquidity buffer must consist of highly liquid assets that are unencumbered, as defined in paragraph (b)(3)(ii) of this section:

(i) *Highly liquid asset.* A highly liquid asset includes:

(A) Cash;

(B) Securities issued or guaranteed by the United States, a U.S. government agency, or a U.S. government-sponsored enterprise; or

(C) Any other asset that the covered savings and loan holding company demonstrates to the satisfaction of the Board:

(1) Has low credit risk and low market risk;

(2) Is traded in an active secondary two-way market that has committed market makers and independent bona fide offers to buy and sell so that a price reasonably related to the last sales price or current bona fide competitive bid and offer quotations can be determined within one day and settled at that price within a reasonable time period conforming with trade custom; and

(3) Is a type of asset that investors historically have purchased in periods of financial market distress during which market liquidity has been impaired.

(ii) *Unencumbered.* An asset is unencumbered if it:

(A) Is free of legal, regulatory, contractual, or other restrictions on the ability of such company promptly to liquidate, sell or transfer the asset; and

(B) Is either:

(1) Not pledged or used to secure or provide credit enhancement to any transaction; or

(2) Pledged to a central bank or a U.S. government-sponsored enterprise, to the extent potential credit secured by the asset is not currently extended by such central bank or U.S. government-sponsored enterprise or any of its consolidated subsidiaries.

(iii) Calculating the amount of a highly liquid asset. In calculating the amount of a highly liquid asset included in the liquidity buffer, the covered savings and loan holding company must discount the fair market value of the asset to reflect any credit risk and market price volatility of the asset.

(iv) Diversification. The liquidity buffer must not contain significant concentrations of highly liquid assets by issuer, business sector, region, or other factor related to the covered savings and loan holding company's risk, except with respect to cash and securities issued or guaranteed by the United States, a U.S. government agency, or a U.S. government-sponsored enterprise.

**PART 238—SAVINGS AND LOAN HOLDING COMPANIES (REGULATION LL)****Subpart O – Supervisory Stress Test Requirements for Covered Savings and Loan Holding Companies****§238.130 Definitions.**

For purposes of this subpart O, the following definitions apply:

*Advanced approaches* means the risk-weighted assets calculation methodologies at 12 CFR part 217, subpart E, as applicable, and any successor regulation.

*Adverse scenario* means a set of conditions that affect the U.S. economy or the financial condition of a covered company that are more adverse than those associated with the baseline scenario and may include trading or other additional components.

*Baseline scenario* means a set of conditions that affect the U.S. economy or the financial condition of a covered company and that reflect the consensus views of the economic and financial outlook.

*Covered company* means a covered savings and loan holding company (other than a foreign banking organization) with average total consolidated assets of \$100 billion or more.

*Planning horizon* means the period of at least nine consecutive quarters, beginning on the first day of a stress test cycle over which the relevant projections extend.

*Pre-provision net revenue* means the sum of net interest income and non-interest income less expenses before adjusting for loss provisions.

*Provision for credit losses* means:

(1) *Until December 31, 2019:*

(i) *With respect to a covered company that has not adopted the current expected credit losses methodology under GAAP, the provision for loan and lease losses as reported on the FR Y-9C (and as would be reported on the FR Y-9C in the current stress test cycle); and*

(ii) *With respect to a covered company that has adopted the current expected credit losses methodology under GAAP, the provision for loan and lease losses, as would be calculated and reported on the FR Y-9C by a covered company that has not adopted the current expected credit losses methodology under GAAP; and*

(2) *Beginning January 1, 2020:*

(i) *With respect to a covered company that has adopted the current expected credit losses methodology under GAAP, the provision for credit losses, as would be reported by the covered company on the FR Y-9C in the current stress test cycle; and*

(ii) With respect to a covered company that has not adopted the current expected credit losses methodology under GAAP, the provision for loan and lease losses as would be reported by the covered company on the FR Y-9C in the current stress test cycle.

Regulatory capital ratio means a capital ratio for which the Board has established minimum requirements for the covered savings and loan holding company by regulation or order, including, as applicable, the company's regulatory capital ratios calculated under 12 CFR part 217 and the deductions required under 12 CFR 248.12; except that the company shall not use the advanced approaches to calculate its regulatory capital ratios.

Scenarios are those sets of conditions that affect the U.S. economy or the financial condition of a covered company that the Board annually determines are appropriate for use in the supervisory stress tests, including, but not limited to, baseline, adverse, and severely adverse scenarios.

Severely adverse scenario means a set of conditions that affect the U.S. economy or the financial condition of a covered company and that overall are more severe than those associated with the adverse scenario and may include trading or other additional components.

Stress test cycle means the period beginning on January 1 of a calendar year and ending on December 31 of that year.

Subsidiary has the same meaning as in §225.2(o) the Board's Regulation Y (12 CFR 225.2).

**PART 238—SAVINGS AND LOAN HOLDING COMPANIES (REGULATION LL)**

**Subpart O – Supervisory Stress Test Requirements for Covered Savings and Loan Holding Companies**

**§238.131 Applicability.**

(a) Scope—(1) Applicability. Except as provided in paragraph (b) of this section, this subpart applies to any covered company.

(2) Ongoing applicability. A covered savings and loan holding company (including any successor company) that is subject to any requirement in this subpart shall remain subject to any such requirement unless and until its total consolidated assets fall below \$100 billion for each of four consecutive quarters, as reported on the FR Y-9C and, effective on the as-of date of the fourth consecutive FR Y-9C.

(b) Transitional arrangements. (1) A covered savings and loan holding company that becomes a covered company on or before September 30 of a calendar year must comply with the requirements of this subpart beginning on January 1 of the second calendar year after the covered savings and loan holding company becomes a covered company, unless that time is extended by the Board in writing.

(2) A covered savings and loan holding company that becomes a covered company after September 30 of a calendar year must comply with the requirements of this subpart beginning on January 1 of the third calendar year after the covered savings and loan holding company becomes a covered company, unless that time is extended by the Board in writing.

**PART 238—SAVINGS AND LOAN HOLDING COMPANIES (REGULATION LL)****Subpart O – Supervisory Stress Test Requirements for Covered Savings and Loan Holding Companies****§238.132 Analysis Conducted by the Board.**

(a) In general. (1) The Board will conduct an analysis of each covered company's capital, on a total consolidated basis, taking into account all relevant exposures and activities of that covered company, to evaluate the ability of the covered company to absorb losses in specified economic and financial conditions.

(2) The analysis will include an assessment of the projected losses, net income, and pro forma capital levels and regulatory capital ratios and other capital ratios for the covered company and use such analytical techniques that the Board determines are appropriate to identify, measure, and monitor risks of the covered company.

(3) In conducting the analyses, the Board will coordinate with the appropriate primary financial regulatory agencies and the Federal Insurance Office, as appropriate.

(b) Economic and financial scenarios related to the Board's analysis. The Board will conduct its analysis using a minimum of three different scenarios, including a baseline scenario, adverse scenario, and severely adverse scenario. The Board will notify covered companies of the scenarios that the Board will apply to conduct the analysis for each stress test cycle to which the covered company is subject by no later than February 15 of that year, except with respect to trading or any other components of the scenarios and any additional scenarios that the Board will apply to conduct the analysis, which will be communicated by no later than March 1 of that year.

(c) Frequency of Analysis Conducted by the Board.

(i) Except as provided in subparagraph (ii), the Board will conduct its analysis of a covered company on an annual basis.

(ii) The Board will conduct its analysis of a Category IV savings and loan holding company on a biennial basis and occurring in each year ending in an even number.

**PART 238—SAVINGS AND LOAN HOLDING COMPANIES (REGULATION LL)**

**Subpart O – Supervisory Stress Test Requirements for Covered Savings and Loan Holding Companies**

**§238.133—Data and information required to be submitted in support of the Board’s analyses.**

(a) Regular submissions. Each covered company must submit to the Board such data, on a consolidated basis, that the Board determines is necessary in order for the Board to derive the relevant pro forma estimates of the covered company over the planning horizon under the scenarios described in §238.132(b).

(b) Additional submissions required by the Board. The Board may require a covered company to submit any other information on a consolidated basis that the Board deems necessary in order to:

(1) Ensure that the Board has sufficient information to conduct its analysis under this subpart; and

(2) Project a company’s pre-provision net revenue, losses, provision for credit losses, and net income; and pro forma capital levels, regulatory capital ratios, and any other capital ratio specified by the Board under the scenarios described in §238.132(b).

(c) Confidential treatment of information submitted. The confidentiality of information submitted to the Board under this subpart and related materials shall be determined in accordance with the Freedom of Information Act (5 U.S.C. 552(b)) and the Board’s Rules Regarding Availability of Information (12 CFR part 261).



**PART 238—SAVINGS AND LOAN HOLDING COMPANIES (REGULATION LL)**

**Subpart O – Supervisory Stress Test Requirements for Covered Savings and Loan Holding Companies**

**§ 238.134 Review of the Board’s analysis; publication of summary results.**

(a) *Review of results.* Based on the results of the analysis conducted under this subpart, the Board will conduct an evaluation to determine whether the covered company has the capital, on a total consolidated basis, necessary to absorb losses and continue its operation by maintaining ready access to funding, meeting its obligations to creditors and other counterparties, and continuing to serve as a credit intermediary under baseline, adverse and severely adverse scenarios, and any additional scenarios.

(b) *Publication of results by the Board.* (1) The Board will publicly disclose a summary of the results of the Board’s analyses of a covered company by June 30 of the calendar year in which the stress test was conducted pursuant to §238.132.

(2) The Board will notify companies of the date on which it expects to publicly disclose a summary of the Board’s analyses pursuant to paragraph (b)(1) of this section at least 14 calendar days prior to the expected disclosure date.

**PART 238—SAVINGS AND LOAN HOLDING COMPANIES (REGULATION LL)**

**Subpart O – Supervisory Stress Test Requirements for Covered Savings and Loan Holding Companies**

**§238.135 Corporate use of stress test results.**

(a) The board of directors and senior management of each covered company must consider the results of the analysis conducted by the Board under this subpart, as appropriate:

(1) As part of the covered company's capital plan and capital planning process, including when making changes to the covered company's capital structure (including the level and composition of capital); and

(2) When assessing the covered company's exposures, concentrations, and risk positions.

**PART 238—SAVINGS AND LOAN HOLDING COMPANIES (REGULATION LL)**

**Subpart P – Company-Run Stress Test Requirements for Savings and Loan Holding Companies**

**§238.140 Authority and Purpose.**

(a) Authority. 12 U.S.C. 1467; 1467a, 1818, 5361, 5365.

(b) Purpose. This subpart establishes the requirement for a covered company to conduct stress tests. This subpart also establishes definitions of stress test and related terms, methodologies for conducting stress tests, and reporting and disclosure requirements.

**PART 238—SAVINGS AND LOAN HOLDING COMPANIES (REGULATION LL)****Subpart P – Company-Run Stress Test Requirements for Savings and Loan Holding Companies****§238.141 Definitions.**

Advanced approaches means the risk-weighted assets calculation methodologies at 12 CFR part 217, subpart E, as applicable, and any successor regulation.

Adverse scenario means a set of conditions that affect the U.S. economy or the financial condition of a covered company that are more adverse than those associated with the baseline scenario and may include trading or other additional components.

Baseline scenario means a set of conditions that affect the U.S. economy or the financial condition of a covered company and that reflect the consensus views of the economic and financial outlook.

Capital action has the same meaning as in §225.8 of the Board's Regulation Y (12 CFR 225.8).

Covered company means:

- (1) A Category II savings and loan holding company; or
- (2) A Category III savings and loan holding company.

Planning horizon means the period of at least nine consecutive quarters, beginning on the first day of a stress test cycle over which the relevant projections extend.

Pre-provision net revenue means the sum of net interest income and non-interest income less expenses before adjusting for loss provisions.

Provision for credit losses means:

- (1) Until December 31, 2019:
  - (i) With respect to a covered company that has not adopted the current expected credit losses methodology under GAAP, the provision for loan and lease losses as reported on the FR Y-9C (and as would be reported on the FR Y-9C in the current stress test cycle); and
  - (ii) With respect to a covered company that has adopted the current expected credit losses methodology under GAAP, the provision for loan and lease losses, as would be calculated and reported on the FR Y-9C by a covered company that has not adopted the current expected credit losses methodology under GAAP; and

- (2) Beginning January 1, 2020:

(i) With respect to a covered company that has adopted the current expected credit losses methodology under GAAP, the provision for credit losses, as would be reported by the covered company on the FR Y-9C in the current stress test cycle; and

(ii) With respect to a covered company that has not adopted the current expected credit losses methodology under GAAP, the provision for loan and lease losses as would be reported by the covered company on the FR Y-9C in the current stress test cycle.

Regulatory capital ratio means a capital ratio for which the Board has established minimum requirements for the covered savings and loan holding company by regulation or order, including, as applicable, the company's regulatory capital ratios calculated under 12 CFR part 217 and the deductions required under 12 CFR 248.12; except that the company shall not use the advanced approaches to calculate its regulatory capital ratios.

Scenarios are those sets of conditions that affect the U.S. economy or the financial condition of a covered company that the Board annually or biennially determines are appropriate for use in the company-run stress tests, including, but not limited to, baseline, adverse, and severely adverse scenarios.

Severely adverse scenario means a set of conditions that affect the U.S. economy or the financial condition of a covered company and that overall are more severe than those associated with the adverse scenario and may include trading or other additional components.

Stress test means a process to assess the potential impact of scenarios on the consolidated earnings, losses, and capital of a covered company over the planning horizon, taking into account its current condition, risks, exposures, strategies, and activities.

Stress test cycle means the period beginning on January 1 of a calendar year and ending on December 31 of that year.

Subsidiary has the same meaning as in §225.2(o) the Board's Regulation Y (12 CFR 225.2).

**PART 238—SAVINGS AND LOAN HOLDING COMPANIES (REGULATION LL)**

**Subpart P – Company-Run Stress Test Requirements for Savings and Loan Holding Companies**

**§ 238.142 Applicability.**

(a) Scope—(1) Applicability. Except as provided in paragraph (b) of this section, this subpart applies to any covered company, which includes:

(i) Any Category II savings and loan holding company; and

(ii) Any Category III savings and loan holding company.

(2) Ongoing applicability. A covered savings and loan holding company (including any successor company) that is subject to any requirement in this subpart shall remain subject to any such requirement unless and until the covered savings and loan holding company:

(i) Is not a Category II savings and loan holding company; and

(ii) Is not a Category III savings and loan holding company.

(b) Transitional arrangements. (1) A covered savings and loan holding company that becomes a covered company on or before September 30 of a calendar year must comply with the requirements of this subpart beginning on January 1 of the second calendar year after the covered savings and loan holding company becomes a covered company, unless that time is extended by the Board in writing.

(2) A covered savings and loan holding company that becomes a covered company after September 30 of a calendar year must comply with the requirements of this subpart beginning on January 1 of the third calendar year after the covered savings and loan holding company becomes a covered company, unless that time is extended by the Board in writing.

**PART 238—SAVINGS AND LOAN HOLDING COMPANIES (REGULATION LL)****Subpart P – Company-Run Stress Test Requirements for Savings and Loan Holding Companies****§ 238.143 Stress test.**

(a) Stress test requirement—(1) In general. A covered company must conduct a stress test as required under this subpart.

(2) Frequency. (i) Except as provided in subparagraph (ii), a covered company must conduct an annual stress test. The stress test must be conducted by April 5 of each calendar year based on data as of December 31 of the preceding calendar year, unless the time or the as-of date is extended by the Board in writing.

(ii) A Category III savings and loan holding company must conduct a biennial stress test. The stress test must be conducted by April 5 of each calendar year ending in an even number, based on data as of December 31 of the preceding calendar year, unless the time or the as-of date is extended by the Board in writing.

(b) Scenarios provided by the Board—(1) In general. In conducting a stress test under this section, a covered company must, at a minimum, use the scenarios provided by the Board. Except as provided in paragraphs (b)(2) and (3) of this section, the Board will provide a description of the scenarios to each covered company no later than February 15 of the calendar year in which the stress test is performed pursuant to this section.

(2) Additional components. (i) The Board may require a covered company with significant trading activity, as determined by the Board and specified in the Capital Assessments and Stress Testing report (FR Y-14), to include a trading and counterparty component in its adverse and severely adverse scenarios in the stress test required by this section. The data used in this component must be as-of a date selected by the Board between October 1 of the previous calendar year and March 1 of the calendar year in which the stress test is performed pursuant to this section, and the Board will communicate the as-of date and a description of the component to the company no later than March 1 of the calendar year in which the stress test is performed pursuant to this section.

(ii) The Board may require a covered company to include one or more additional components in its adverse and severely adverse scenarios in the stress test required by this section based on the company's financial condition, size, complexity, risk profile, scope of operations, or activities, or risks to the U.S. economy.

(3) Additional scenarios. The Board may require a covered company to use one or more additional scenarios in the stress test required by this section based on the company's financial condition, size, complexity, risk profile, scope of operations, or activities, or risks to the U.S. economy.

(4) Notice and response—(i) Notification of additional component. If the Board requires a covered company to include one or more additional components in its adverse and severely

adverse scenarios under paragraph (b)(2) of this section or to use one or more additional scenarios under paragraph (b)(3) of this section, the Board will notify the company in writing. The Board will provide such notification no later than December 31 of the preceding calendar year. The notification will include a general description of the additional component(s) or additional scenario(s) and the basis for requiring the company to include the additional component(s) or additional scenario(s).

(ii) *Request for reconsideration and Board response.* Within 14 calendar days of receipt of a notification under this paragraph, the covered company may request in writing that the Board reconsider the requirement that the company include the additional component(s) or additional scenario(s), including an explanation as to why the request for reconsideration should be granted. The Board will respond in writing within 14 calendar days of receipt of the company's request.

(iii) *Description of component.* The Board will provide the covered company with a description of any additional component(s) or additional scenario(s) by March 1 of the calendar year in which the stress test is performed pursuant to this section.



**PART 238—SAVINGS AND LOAN HOLDING COMPANIES (REGULATION LL)****Subpart P – Company-Run Stress Test Requirements for Savings and Loan Holding Companies****§238.144 Methodologies and practices.**

(a) Potential impact on capital. In conducting a stress test under §238.143, for each quarter of the planning horizon, a covered company must estimate the following for each scenario required to be used:

(1) Losses, pre-provision net revenue, provision for credit losses, and net income; and

(2) The potential impact on pro forma regulatory capital levels and pro forma capital ratios (including regulatory capital ratios and any other capital ratios specified by the Board), incorporating the effects of any capital actions over the planning horizon and maintenance of an allowance for credit losses appropriate for credit exposures throughout the planning horizon.

(b) Assumptions regarding capital actions. In conducting a stress test under §238.143, a covered company is required to make the following assumptions regarding its capital actions over the planning horizon:

(1) For the first quarter of the planning horizon, the covered company must take into account its actual capital actions as of the end of that quarter; and

(2) For each of the second through ninth quarters of the planning horizon, the covered company must include in the projections of capital:

(i) Common stock dividends equal to the quarterly average dollar amount of common stock dividends that the company paid in the previous year (that is, the first quarter of the planning horizon and the preceding three calendar quarters) plus common stock dividends attributable to issuances related to expensed employee compensation or in connection with a planned merger or acquisition to the extent that the merger or acquisition is reflected in the covered company's pro forma balance sheet estimates;

(ii) Payments on any other instrument that is eligible for inclusion in the numerator of a regulatory capital ratio equal to the stated dividend, interest, or principal due on such instrument during the quarter;

(iii) An assumption of no redemption or repurchase of any capital instrument that is eligible for inclusion in the numerator of a regulatory capital ratio; and

(iv) An assumption of no issuances of common stock or preferred stock, except for issuances related to expensed employee compensation or in connection with a planned merger or acquisition to the extent that the merger or acquisition is reflected in the covered company's pro forma balance sheet estimates.

(c) Controls and oversight of stress testing processes—(1) In general. The senior management of a covered company must establish and maintain a system of controls, oversight,

and documentation, including policies and procedures, that are designed to ensure that its stress testing processes are effective in meeting the requirements in this subpart. These policies and procedures must, at a minimum, describe the covered company's stress testing practices and methodologies, and processes for validating and updating the company's stress test practices and methodologies consistent with applicable laws and regulations.

(2) Oversight of stress testing processes. The board of directors, or a committee thereof, of a covered company must review and approve the policies and procedures of the stress testing processes as frequently as economic conditions or the condition of the covered company may warrant, but no less than annually. The board of directors and senior management of the covered company must receive a summary of the results of any stress test conducted under this subpart.

(3) Role of stress testing results. The board of directors and senior management of each covered company must consider the results of the analysis it conducts under this subpart, as appropriate:

(i) As part of the covered company's capital plan and capital planning process, including when making changes to the covered company's capital structure (including the level and composition of capital); and

(ii) When assessing the covered company's exposures, concentrations, and risk positions.

**PART 238—SAVINGS AND LOAN HOLDING COMPANIES (REGULATION LL)**

**Subpart P – Company-Run Stress Test Requirements for Savings and Loan Holding Companies**

**§238.145 Report of stress test results.**

(a) Reports to the Board of stress test results. A covered company must report the results of the stress test required under §238.143 to the Board in the manner and form prescribed by the Board. Such results must be submitted by April 5 of the calendar year in which the stress test is performed pursuant to §238.143, unless that time is extended by the Board in writing.

(b) Confidential treatment of information submitted. The confidentiality of information submitted to the Board under this subpart and related materials shall be determined in accordance with applicable exemptions under the Freedom of Information Act (5 U.S.C. 552(b)) and the Board's Rules Regarding Availability of Information (12 CFR part 261).

**PART 238—SAVINGS AND LOAN HOLDING COMPANIES (REGULATION LL)****Subpart P – Company-Run Stress Test Requirements for Savings and Loan Holding Companies****§238.146 Disclosure of stress test results.**

(a) Public disclosure of results—(1) In general. A covered company must publicly disclose a summary of the results of the stress test required under §238.143 within the period that is 15 calendar days after the Board publicly discloses the results of its supervisory stress test of the covered company pursuant to §238.134 of this part, unless that time is extended by the Board in writing.

(2) Disclosure method. The summary required under this section may be disclosed on the Web site of a covered company, or in any other forum that is reasonably accessible to the public.

(b) Summary of results. The summary results must, at a minimum, contain the following information regarding the severely adverse scenario:

(1) A description of the types of risks included in the stress test;

(2) A general description of the methodologies used in the stress test, including those employed to estimate losses, revenues, provision for credit losses, and changes in capital positions over the planning horizon;

(3) Estimates of—

(i) Pre-provision net revenue and other revenue;

(ii) Provision for credit losses, realized losses or gains on available-for-sale and held-to-maturity securities, trading and counterparty losses, and other losses or gains;

(iii) Net income before taxes;

(iv) Loan losses (dollar amount and as a percentage of average portfolio balance) in the aggregate and by subportfolio, including: Domestic closed-end first-lien mortgages; domestic junior lien mortgages and home equity lines of credit; commercial and industrial loans; commercial real estate loans; credit card exposures; other consumer loans; and all other loans; and

(v) Pro forma regulatory capital ratios and any other capital ratios specified by the Board; and

(4) An explanation of the most significant causes for the changes in regulatory capital ratios; and

(5) With respect to any depository institution subsidiary that is subject to stress testing requirements pursuant to 12 U.S.C. 5365(i)(2), as implemented by subpart B of this part, 12 CFR part 46 (OCC), or 12 CFR part 325, subpart C (FDIC), changes over the planning horizon in

regulatory capital ratios and any other capital ratios specified by the Board and an explanation of the most significant causes for the changes in regulatory capital ratios.

(c) Content of results. (1) The following disclosures required under paragraph (b) of this section must be on a cumulative basis over the planning horizon:

(i) Pre-provision net revenue and other revenue;

(ii) Provision for credit losses, realized losses/gains on available-for-sale and held-to-maturity securities, trading and counterparty losses, and other losses or gains;

(iii) Net income before taxes; and

(iv) Loan losses in the aggregate and by subportfolio.

(2) The disclosure of pro forma regulatory capital ratios and any other capital ratios specified by the Board that is required under paragraph (b) of this section must include the beginning value, ending value, and minimum value of each ratio over the planning horizon.

**PART 238—SAVINGS AND LOAN HOLDING COMPANIES (REGULATION LL)**

**Subpart Q – Single Counterparty Credit Limits for Covered Savings and Loan Holding Companies**

**§238.150 Applicability and general provisions.**

(a) *In general.* (1) This subpart establishes single counterparty credit limits for a covered company.

(2) For purposes of this subpart:

(i) *Covered company* means

(A) A Category II savings and loan holding company; or

(B) A Category III savings and loan holding company.

(b) *Credit exposure limits.* (1) Section 238.152 establishes credit exposure limits for a covered company.

(2) A covered company is required to calculate its aggregate net credit exposure, gross credit exposure, and net credit exposure to a counterparty using the methods in this subpart.

(c) *Applicability of this subpart.* (1) A company that is a covered company as of [INSERT DATE 60 DAYS AFTER PUBLICATION IN THE FEDERAL REGISTER], must comply with the requirements of this subpart, including but not limited to § 238.152, beginning on July 1, 2020, unless that time is extended by the Board in writing:

(2) A covered company that becomes subject to this subpart after [INSERT DATE 60 DAYS AFTER PUBLICATION IN THE FEDERAL REGISTER] must comply with the requirements of this subpart beginning on the first day of the ninth calendar quarter after it becomes a covered company, unless that time is accelerated or extended by the Board in writing.

(d) *Cessation of requirements.* (1) Any company that becomes a covered company will remain subject to the requirements of this subpart unless and until it is not a Category II savings and loan holding company or a Category III savings and loan holding company.

**PART 238—SAVINGS AND LOAN HOLDING COMPANIES (REGULATION LL)****Subpart Q – Single Counterparty Credit Limits for Covered Saving and Loan Holding Companies****§238.151 Definitions.**

Unless defined in this section, terms that are set forth in § 238.2 of this part and used in this subpart have the definitions assigned in § 238.2. For purposes of this subpart:

(a) *Adjusted market value means:*

(1) With respect to the value of cash, securities, or other eligible collateral transferred by the covered company to a counterparty, the sum of:

(i) The market value of the cash, securities, or other eligible collateral; and

(ii) The product of the market value of the securities or other eligible collateral multiplied by the applicable collateral haircut in Table 1 to § 217.132 of the Board’s Regulation Q (12 CFR 217.132); and

(2) With respect to cash, securities, or other eligible collateral received by the covered company from a counterparty:

(i) The market value of the cash, securities, or other eligible collateral; minus

(ii) The market value of the securities or other eligible collateral multiplied by the applicable collateral haircut in Table 1 to § 217.132 of the Board’s Regulation Q (12 CFR 217.132).

(3) Prior to calculating the adjusted market value pursuant to paragraphs (a)(1) and (2) of this section, with regard to a transaction that meets the definition of “repo-style transaction” in §217.2 of the Board’s Regulation Q (12 CFR 217.2), the covered company would first multiply the applicable collateral haircuts in Table 1 to § 217.132 of the Board’s Regulation Q (12 CFR 217.132) by the square root of 1/2.

(b) *Affiliate means*, with respect to a company:

(1) Any subsidiary of the company and any other company that is consolidated with the company under applicable accounting standards; or

(2) For a company that is not subject to principles or standards referenced in paragraph (b)(1) of this section, any subsidiary of the company and any other company that would be consolidated with the company, if consolidation would have occurred if such principles or standards had applied.

(c) *Aggregate net credit exposure* means the sum of all net credit exposures of a covered company and all of its subsidiaries to a single counterparty as calculated under this subpart.

(d) *Bank-eligible investments* means investment securities that a national bank is permitted to purchase, sell, deal in, underwrite, and hold under 12 U.S.C. 24 (Seventh) and 12 CFR part 1.

(e) *Counterparty* means, with respect to a credit transaction:

(1) With respect to a natural person, the natural person, and, if the credit exposure of the covered company to such natural person exceeds 5 percent of the covered company's tier 1 capital, the natural person and members of the person's immediate family collectively;

(2) With respect to any company that is not a subsidiary of the covered company, the company and its affiliates collectively;

(3) With respect to a State, the State and all of its agencies, instrumentalities, and political subdivisions (including any municipalities) collectively;

(4) With respect to a foreign sovereign entity that is not assigned a zero percent risk weight under the standardized approach in the Board's Regulation Q (12 CFR part 217, subpart D), the foreign sovereign entity and all of its agencies and instrumentalities (but not including any political subdivision) collectively; and

(5) With respect to a political subdivision of a foreign sovereign entity such as a state, province, or municipality, any political subdivision of the foreign sovereign entity and all of such political subdivision's agencies and instrumentalities, collectively.<sup>1</sup>

(f) *Covered company* is defined in § 238.150(a)(2)(i) of this subpart.

(g) *Credit derivative* has the same meaning as in § 217.2 of the Board's Regulation Q (12 CFR 217.2).

(h) *Credit transaction* means, with respect to a counterparty:

(1) Any extension of credit to the counterparty, including loans, deposits, and lines of credit, but excluding uncommitted lines of credit;

(2) Any repurchase agreement or reverse repurchase agreement with the counterparty;

(3) Any securities lending or securities borrowing transaction with the counterparty;

(4) Any guarantee, acceptance, or letter of credit (including any endorsement, confirmed letter of credit, or standby letter of credit) issued on behalf of the counterparty;

(5) Any purchase of securities issued by or other investment in the counterparty;

(6) Any credit exposure to the counterparty in connection with a derivative transaction between the covered company and the counterparty;



(7) Any credit exposure to the counterparty in connection with a credit derivative or equity derivative between the covered company and a third party, the reference asset of which is an obligation or equity security of, or equity investment in, the counterparty; and

(8) Any transaction that is the functional equivalent of the above, and any other similar transaction that the Board, by regulation or order, determines to be a credit transaction for purposes of this subpart.

(i) *Depository institution* has the same meaning as in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813(c)).

(j) *Derivative transaction* means any transaction that is a contract, agreement, swap, warrant, note, or option that is based, in whole or in part, on the value of, any interest in, or any quantitative measure or the occurrence of any event relating to, one or more commodities, securities, currencies, interest or other rates, indices, or other assets.

(k) *Eligible collateral* means collateral in which, notwithstanding the prior security interest of any custodial agent, the covered company has a perfected, first priority security interest (or the legal equivalent thereof, if outside of the United States), with the exception of cash on deposit, and is in the form of:

(1) Cash on deposit with the covered company or a subsidiary of the covered company (including cash in foreign currency or U.S. dollars held for the covered company by a custodian or trustee, whether inside or outside of the United States);

(2) Debt securities (other than mortgage- or asset-backed securities and securitization securities, unless those securities are issued by a U.S. government-sponsored enterprise) that are bank-eligible investments and that are investment grade, except for any debt securities issued by the covered company or any subsidiary of the covered company;

(3) Equity securities that are publicly traded, except for any equity securities issued by the covered company or any subsidiary of the covered company;

(4) Convertible bonds that are publicly traded, except for any convertible bonds issued by the covered company or any subsidiary of the covered company; or

(5) Gold bullion.

(1) *Eligible credit derivative* means a single-name credit derivative or a standard, non-tranched index credit derivative, provided that:

(1) The contract meets the requirements of an eligible guarantee and has been confirmed by the protection purchaser and the protection provider;

(2) Any assignment of the contract has been confirmed by all relevant parties;

(3) If the credit derivative is a credit default swap, the contract includes the following credit events:

(i) Failure to pay any amount due under the terms of the reference exposure, subject to any applicable minimal payment threshold that is consistent with standard market practice and with a grace period that is closely in line with the grace period of the reference exposure; and

(ii) Receivership, insolvency, liquidation, conservatorship, or inability of the reference exposure issuer to pay its debts, or its failure or admission in writing of its inability generally to pay its debts as they become due, and similar events;

(4) The terms and conditions dictating the manner in which the contract is to be settled are incorporated into the contract;

(5) If the contract allows for cash settlement, the contract incorporates a robust valuation process to estimate loss reliably and specifies a reasonable period for obtaining post-credit event valuations of the reference exposure;

(6) If the contract requires the protection purchaser to transfer an exposure to the protection provider at settlement, the terms of at least one of the exposures that is permitted to be transferred under the contract provide that any required consent to transfer may not be unreasonably withheld; and

(7) If the credit derivative is a credit default swap, the contract clearly identifies the parties responsible for determining whether a credit event has occurred, specifies that this determination is not the sole responsibility of the protection provider, and gives the protection purchaser the right to notify the protection provider of the occurrence of a credit event.

(m) *Eligible equity derivative* means an equity derivative, provided that:

(1) The derivative contract has been confirmed by all relevant parties;

(2) Any assignment of the derivative contract has been confirmed by all relevant parties;  
and

(3) The terms and conditions dictating the manner in which the derivative contract is to be settled are incorporated into the contract.

(n) *Eligible guarantee* has the same meaning as in § 217.2 of the Board's Regulation Q (12 CFR 217.2).

(o) *Eligible guarantor* has the same meaning as in § 217.2 of the Board's Regulation Q (12 CFR 217.2).

(p) *Equity derivative* has the same meaning as "equity derivative contract" in §217.2 of the Board's Regulation Q (12 CFR 217.2).

(q) *Exempt counterparty* means an entity that is identified as exempt from the requirements of this subpart under § 238.157, or that is otherwise excluded from this subpart, including any sovereign entity assigned a zero percent risk weight under the standardized approach in the Board's Regulation Q (12 CFR part 217, subpart D).

(r) Financial entity means:

(1)(i) A bank holding company or an affiliate thereof; a savings and loan holding company; a U.S. intermediate holding company established or designated pursuant to 12 CFR 252.153; or a nonbank financial company supervised by the Board;

(ii) A depository institution as defined in section 3(c) of the Federal Deposit Insurance Act (12 U.S.C. 1813(c)); an organization that is organized under the laws of a foreign country and that engages directly in the business of banking outside the United States; a federal credit union or state credit union as defined in section 2 of the Federal Credit Union Act (12 U.S.C. 1752(1) and (6)); a national association, state member bank, or state nonmember bank that is not a depository institution; an institution that functions solely in a trust or fiduciary capacity as described in section 2(c)(2)(D) of the Bank Holding Company Act (12 U.S.C. 1841(c)(2)(D)); an industrial loan company, an industrial bank, or other similar institution described in section 2(c)(2)(H) of the Bank Holding Company Act (12 U.S.C. 1841(c)(2)(H));

(iii) An entity that is state-licensed or registered as:

(A) A credit or lending entity, including a finance company; money lender; installment lender; consumer lender or lending company; mortgage lender, broker, or bank; motor vehicle title pledge lender; payday or deferred deposit lender; premium finance company; commercial finance or lending company; or commercial mortgage company; except entities registered or licensed solely on account of financing the entity's direct sales of goods or services to customers;

(B) A money services business, including a check casher; money transmitter; currency dealer or exchange; or money order or traveler's check issuer;

(iv) Any person registered with the Commodity Futures Trading Commission as a swap dealer or major swap participant pursuant to the Commodity Exchange Act of 1936 (7 U.S.C. 1 *et seq.*), or an entity that is registered with the U.S. Securities and Exchange Commission as a security-based swap dealer or a major security-based swap participant pursuant to the Securities Exchange Act of 1934 (15 U.S.C. 78a *et seq.*);

(v) A securities holding company as defined in section 618 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 1850a); a broker or dealer as defined in sections 3(a)(4) and 3(a)(5) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(4)–(5)); an investment adviser as defined in section 202(a) of the Investment Advisers Act of 1940 (15 U.S.C. 80b–2(a)); an investment company registered with the U.S. Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. 80a–1 *et seq.*); or a company that has elected to be regulated as a business development company pursuant to section 54(a) of the Investment Company Act of 1940 (15 U.S.C. 80a–53(a));

(vi) A private fund as defined in section 202(a) of the Investment Advisers Act of 1940 (15 U.S.C. 80b–2(a)); an entity that would be an investment company under section 3 of the Investment Company Act of 1940 (15 U.S.C. 80a–3) but for section 3(c)(5)(C); or an entity that is deemed not to be an investment company under section 3 of the Investment Company Act of

1940 pursuant to Investment Company Act Rule 3a-7 (17 CFR 270.3a-7) of the U.S. Securities and Exchange Commission;

(vii) A commodity pool, a commodity pool operator, or a commodity trading advisor as defined, respectively, in sections 1a(10), 1a(11), and 1a(12) of the Commodity Exchange Act of 1936 (7 U.S.C. 1a(10), 1a(11), and 1a(12)); a floor broker, a floor trader, or introducing broker as defined, respectively, in sections 1a(22), 1a(23) and 1a(31) of the Commodity Exchange Act of 1936 (7 U.S.C. 1a(22), 1a(23), and 1a(31)); or a futures commission merchant as defined in section 1a(28) of the Commodity Exchange Act of 1936 (7 U.S.C. 1a(28));

(viii) An employee benefit plan as defined in paragraphs (3) and (32) of section 3 of the Employee Retirement Income and Security Act of 1974 (29 U.S.C. 1002);

(ix) An entity that is organized as an insurance company, primarily engaged in writing insurance or reinsuring risks underwritten by insurance companies, or is subject to supervision as such by a State insurance regulator or foreign insurance regulator;

(x) Any designated financial market utility, as defined in section 803 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5462); and

(xi) An entity that would be a financial entity described in paragraphs (r)(1)(i) through (x) of this section, if it were organized under the laws of the United States or any State thereof; and (2) Provided that, for purposes of this subpart, “financial entity” does not include any counterparty that is a foreign sovereign entity or multilateral development bank.

(s) *Foreign sovereign entity* means a sovereign entity other than the United States government and the entity’s agencies, departments, ministries, and central bank collectively.

(t) *Gross credit exposure means*, with respect to any credit transaction, the credit exposure of the covered company before adjusting, pursuant to § 238.154, for the effect of any eligible collateral, eligible guarantee, eligible credit derivative, eligible equity derivative, other eligible hedge, and any unused portion of certain extensions of credit.

(u) *Immediate family* means the spouse of an individual, the individual’s minor children, and any of the individual’s children (including adults) residing in the individual’s home.

(v) *Intraday credit exposure* means credit exposure of a covered company to a counterparty that by its terms is to be repaid, sold, or terminated by the end of its business day in the United States.

(w) *Investment grade* has the same meaning as in § 217.2 of the Board’s Regulation Q (12 CFR 217.2).

(x) *Multilateral development bank* has the same meaning as in § 217.2 of the Board’s Regulation Q (12 CFR 217.2).

(y) Net credit exposure means, with respect to any credit transaction, the gross credit exposure of a covered company and all of its subsidiaries calculated under § 238.153, as adjusted in accordance with § 238.154.

(z) Qualifying central counterparty has the same meaning as in § 217.2 of the Board's Regulation Q (12 CFR 217.2).

(aa) Qualifying master netting agreement has the same meaning as in § 217.2 of the Board's Regulation Q (12 CFR 217.2).

(bb) Securities financing transaction means any repurchase agreement, reverse repurchase agreement, securities borrowing transaction, or securities lending transaction.

(cc) Short sale means any sale of a security which the seller does not own or any sale which is consummated by the delivery of a security borrowed by, or for the account of, the seller.

(dd) Sovereign entity means a central national government (including the U.S. government) or an agency, department, ministry, or central bank, but not including any political subdivision such as a state, province, or municipality.

(ee) Subsidiary. A company is a subsidiary of another company if:

(1) The company is consolidated by the other company under applicable accounting standards; or

(2) For a company that is not subject to principles or standards referenced in paragraph (ee)(1) of this definition, consolidation would have occurred if such principles or standards had applied.

(ff) Tier 1 capital means common equity tier 1 capital and additional tier 1 capital, as defined in the Board's Regulation Q (12 CFR part 217) and as reported by the covered savings and loan holding company on the most recent FR Y-9C report on a consolidated basis.

(ii) Total consolidated assets. A company's total consolidated assets are determined based on:

(1) The average of the company's total consolidated assets in the four most recent consecutive quarters as reported quarterly on the FR Y-9C; or

(2) If the company has not filed an FR Y-9C for each of the four most recent consecutive quarters, the average of the company's total consolidated assets, as reported on the company's FR Y-9C, for the most recent quarter or consecutive quarters, as applicable.

**PART 238—SAVINGS AND LOAN HOLDING COMPANIES (REGULATION LL)**

**Subpart Q – Single Counterparty Credit Limits for Covered Saving and Loan Holding Companies**

**§238.152 Credit exposure limits.**

General limit on aggregate net credit exposure. No covered company may have an aggregate net credit exposure to any counterparty that exceeds 25 percent of the tier 1 capital of the covered company.

**PART 238—SAVINGS AND LOAN HOLDING COMPANIES (REGULATION LL)****Subpart Q – Single Counterparty Credit Limits for Covered Saving and Loan Holding Companies****§238.153 Gross credit exposure.**

(a) Calculation of gross credit exposure. The amount of gross credit exposure of a covered company to a counterparty with respect to a credit transaction is, in the case of:

(1) A deposit of the covered company held by the counterparty, loan by a covered company to the counterparty, and lease in which the covered company is the lessor and the counterparty is the lessee, equal to the amount owed by the counterparty to the covered company under the transaction.

(2) A debt security or debt investment held by the covered company that is issued by the counterparty, equal to:

(i) The market value of the securities, for trading and available-for-sale securities; and

(ii) The amortized purchase price of the securities or investments, for securities or investments held to maturity.

(3) An equity security held by the covered company that is issued by the counterparty, equity investment in a counterparty, and other direct investments in a counterparty, equal to the market value.

(4) A securities financing transaction must be valued using any of the methods that the covered company is authorized to use under the Board's Regulation Q (12 CFR part 217, subparts D and E) to value such transactions:

(i)(A) As calculated for each transaction, in the case of a securities financing transaction between the covered company and the counterparty that is not subject to a bilateral netting agreement or does not meet the definition of "repo-style transaction" in § 217.2 of the Board's Regulation Q (12 CFR 217.2); or

(B) As calculated for a netting set, in the case of a securities financing transaction between the covered company and the counterparty that is subject to a bilateral netting agreement with that counterparty and meets the definition of "repo-style transaction" in § 217.2 of the Board's Regulation Q (12 CFR 217.2);

(ii) For purposes of paragraph (a)(4)(i) of this section, the covered company must:

(A) Assign a value of zero to any security received from the counterparty that does not meet the definition of "eligible collateral" in § 238.151; and

(B) Include the value of securities that are eligible collateral received by the covered company from the counterparty (including any exempt counterparty), calculated in accordance

with paragraphs (a)(4)(i) through (iv) of this section, when calculating its gross credit exposure to the issuer of those securities;

(iii) Notwithstanding paragraphs (a)(4)(i) and (ii) of this section and with respect to each credit transaction, a covered company's gross credit exposure to a collateral issuer under this paragraph (a)(4) is limited to the covered company's gross credit exposure to the counterparty on the credit transaction; and

(iv) In cases where the covered company receives eligible collateral from a counterparty in addition to the cash or securities received from that counterparty, the counterparty may reduce its gross credit exposure to that counterparty in accordance with § 238.154(b).

(5) A committed credit line extended by a covered company to a counterparty, equal to the face amount of the committed credit line.

(6) A guarantee or letter of credit issued by a covered company on behalf of a counterparty, equal to the maximum potential loss to the covered company on the transaction.

(7) A derivative transaction must be valued using any of the methods that the covered company is authorized to use under the Board's Regulation Q (12 CFR part 217, subparts D and E) to value such transactions:

(i)(A) As calculated for each transaction, in the case of a derivative transaction between the covered company and the counterparty, including an equity derivative but excluding a credit derivative described in paragraph (a)(8) of this section, that is not subject to a qualifying master netting agreement; or

(B) As calculated for a netting set, in the case of a derivative transaction between the covered company and the counterparty, including an equity derivative but excluding a credit derivative described in paragraph (a)(8) of this section, that is subject to a qualifying master netting agreement.

(ii) In cases where a covered company is required to recognize an exposure to an eligible guarantor pursuant to § 238.154(d), the covered company must exclude the relevant derivative transaction when calculating its gross exposure to the original counterparty under this section.

(8) A credit derivative between the covered company and a third party where the covered company is the protection provider and the reference asset is an obligation or debt security of the counterparty, equal to the maximum potential loss to the covered company on the transaction.

(b) Investments in and exposures to securitization vehicles, investment funds, and other special purpose vehicles that are not subsidiaries. Notwithstanding [paragraph \(a\) of this section](#), a covered company must calculate pursuant to § 238.155 its gross credit exposure due to any investment in the debt or equity of, and any credit derivative or equity derivative between the covered company and a third party where the covered company is the protection provider and the reference asset is an obligation or equity security of, or equity investment in, a securitization vehicle, investment fund, and other special purpose vehicle that is not a subsidiary of the covered company.



(c) Attribution rule. Notwithstanding any other requirement in this subpart, a covered company must treat any transaction with any natural person or entity as a credit transaction with another party, to the extent that the proceeds of the transaction are used for the benefit of, or transferred to, the other party.

**PART 238—SAVINGS AND LOAN HOLDING COMPANIES (REGULATION LL)**

**Subpart Q – Single Counterparty Credit Limits for Covered Saving and Loan Holding Companies**

**§238.154 Net credit exposure.**

(a) In general. For purposes of this subpart, a covered company must calculate its net credit exposure to a counterparty by adjusting its gross credit exposure to that counterparty in accordance with the rules set forth in this section.

(b) Eligible collateral. (1) In computing its net credit exposure to a counterparty for any credit transaction other than a securities financing transaction, a covered company must reduce its gross credit exposure on the transaction by the adjusted market value of any eligible collateral.

(2) A covered company that reduces its gross credit exposure to a counterparty as required under paragraph (b)(1) of this section must include the adjusted market value of the eligible collateral, when calculating its gross credit exposure to the collateral issuer.

(3) Notwithstanding paragraph (b)(2) of this section, a covered company's gross credit exposure to a collateral issuer under this paragraph (b) is limited to:

(i) Its gross credit exposure to the counterparty on the credit transaction, or

(ii) In the case of an exempt counterparty, the gross credit exposure that would have been attributable to that exempt counterparty on the credit transaction if valued in accordance with §238.153(a).

(c) Eligible guarantees. (1) In calculating net credit exposure to a counterparty for any credit transaction, a covered company must reduce its gross credit exposure to the counterparty by the amount of any eligible guarantee from an eligible guarantor that covers the transaction.

(2) A covered company that reduces its gross credit exposure to a counterparty as required under paragraph (c)(1) of this section must include the amount of eligible guarantees when calculating its gross credit exposure to the eligible guarantor.

(3) Notwithstanding paragraph (c)(2) of this section, a covered company's gross credit exposure to an eligible guarantor with respect to an eligible guarantee under this paragraph (c) is limited to:

(i) Its gross credit exposure to the counterparty on the credit transaction prior to recognition of the eligible guarantee, or

(ii) In the case of an exempt counterparty, the gross credit exposure that would have been attributable to that exempt counterparty on the credit transaction prior to recognition of the eligible guarantee if valued in accordance with § 238.153(a).

(d) Eligible credit and equity derivatives. (1) In calculating net credit exposure to a counterparty for a credit transaction under this section, a covered company must reduce its gross credit exposure to the counterparty by:

(i) In the case of any eligible credit derivative from an eligible guarantor, the notional amount of the eligible credit derivative; or

(ii) In the case of any eligible equity derivative from an eligible guarantor, the gross credit exposure amount to the counterparty (calculated in accordance with § 238.153(a)(7)).

(2)(i) A covered company that reduces its gross credit exposure to a counterparty as provided under paragraph (d)(1) of this section must include, when calculating its net credit exposure to the eligible guarantor, including in instances where the underlying credit transaction would not be subject to the credit limits of § 238.152 (for example, due to an exempt counterparty), either

(A) In the case of any eligible credit derivative from an eligible guarantor, the notional amount of the eligible credit derivative; or

(B) In the case of any eligible equity derivative from an eligible guarantor, the gross credit exposure amount to the counterparty (calculated in accordance with § 238.153(a)(7)).

(ii) Notwithstanding paragraph (d)(2)(i) of this section, in cases where the eligible credit derivative or eligible equity derivative is used to hedge covered positions that are subject to the Board's market risk rule (12 CFR part 217, subpart F) and the counterparty on the hedged transaction is not a financial entity, the amount of credit exposure that a company must recognize to the eligible guarantor is the amount that would be calculated pursuant to § 238.153(a).

(3) Notwithstanding paragraph (d)(2) of this section, a covered company's gross credit exposure to an eligible guarantor with respect to an eligible credit derivative or an eligible equity derivative under this paragraph (d) is limited to:

(i) Its gross credit exposure to the counterparty on the credit transaction prior to recognition of the eligible credit derivative or the eligible equity derivative, or

(ii) In the case of an exempt counterparty, the gross credit exposure that would have been attributable to that exempt counterparty on the credit transaction prior to recognition of the eligible credit derivative or the eligible equity derivative if valued in accordance with §238.153(a).

(e) Other eligible hedges. In calculating net credit exposure to a counterparty for a credit transaction under this section, a covered company may reduce its gross credit exposure to the counterparty by the face amount of a short sale of the counterparty's debt security or equity security, provided that:

(1) The instrument in which the covered company has a short position is junior to, or pari passu with, the instrument in which the covered company has the long position; and

(2) The instrument in which the covered company has a short position and the instrument in which the covered company has the long position are either both treated as trading or available-for-sale exposures or both treated as held-to-maturity exposures.

(f) Unused portion of certain extensions of credit. (1) In computing its net credit exposure to a counterparty for a committed credit line or revolving credit facility under this section, a covered company may reduce its gross credit exposure by the amount of the unused portion of the credit extension to the extent that the covered company does not have any legal obligation to advance additional funds under the extension of credit and the used portion of the credit extension has been fully secured by eligible collateral.

(2) To the extent that the used portion of a credit extension has been secured by eligible collateral, the covered company may reduce its gross credit exposure by the adjusted market value of any eligible collateral received from the counterparty, even if the used portion has not been fully secured by eligible collateral.

(3) To qualify for the reduction in net credit exposure under this paragraph, the credit contract must specify that any used portion of the credit extension must be fully secured by the adjusted market value of any eligible collateral.

(g) Credit transactions involving exempt counterparties. (1) A covered company's credit transactions with an exempt counterparty are not subject to the requirements of this subpart, including but not limited to § 238.152.

(2) Notwithstanding paragraph (g)(1) of this section, in cases where a covered company has a credit transaction with an exempt counterparty and the covered company has obtained eligible collateral from that exempt counterparty or an eligible guarantee or eligible credit or equity derivative from an eligible guarantor, the covered company must include (for purposes of this subpart) such exposure to the issuer of such eligible collateral or the eligible guarantor, as calculated in accordance with the rules set forth in this section, when calculating its gross credit exposure to that issuer of eligible collateral or eligible guarantor.

(h) Currency mismatch adjustments. For purposes of calculating its net credit exposure to a counterparty under this section, a covered company must apply, as applicable:

(1) When reducing its gross credit exposure to a counterparty resulting from any credit transaction due to any eligible collateral and calculating its gross credit exposure to an issuer of eligible collateral, pursuant to paragraph (b) of this section, the currency mismatch adjustment approach of § 217.37(c)(3)(ii) of the Board's Regulation Q (12 CFR 217.37(c)(3)(ii)); and

(2) When reducing its gross credit exposure to a counterparty resulting from any credit transaction due to any eligible guarantee, eligible equity derivative, or eligible credit derivative from an eligible guarantor and calculating its gross credit exposure to an eligible guarantor, pursuant to paragraphs (c) and (d) of this section, the currency mismatch adjustment approach of § 217.36(f) of the Board's Regulation Q (12 CFR 217.36(f)).

(i) *Maturity mismatch adjustments.* For purposes of calculating its net credit exposure to a counterparty under this section, a covered company must apply, as applicable, the maturity mismatch adjustment approach of § 217.36(d) of the Board’s Regulation Q (12 CFR 217.36(d)):

(1) When reducing its gross credit exposure to a counterparty resulting from any credit transaction due to any eligible collateral or any eligible guarantees, eligible equity derivatives, or eligible credit derivatives from an eligible guarantor, pursuant to paragraphs (b) through (d) of this section, and

(2) In calculating its gross credit exposure to an issuer of eligible collateral, pursuant to paragraph (b) of this section, or to an eligible guarantor, pursuant to paragraphs (c) and (d) of this section; provided that

(3) The eligible collateral, eligible guarantee, eligible equity derivative, or eligible credit derivative subject to paragraph (i)(1) of this section:

- (i) Has a shorter maturity than the credit transaction;
- (ii) Has an original maturity equal to or greater than one year;
- (iii) Has a residual maturity of not less than three months; and
- (iv) The adjustment approach is otherwise applicable.

**PART 238—SAVINGS AND LOAN HOLDING COMPANIES (REGULATION LL)****Subpart Q – Single Counterparty Credit Limits for Covered Saving and Loan Holding Companies****§238.155 Investments in and exposures to securitization vehicles, investment funds, and other special purpose vehicles that are not subsidiaries of the covered company.**

(a) In general. (1) For purposes of this section, the following definitions apply:

(i) SPV means a securitization vehicle, investment fund, or other special purpose vehicle that is not a subsidiary of the covered company.

(ii) SPV exposure means an investment in the debt or equity of an SPV, or a credit derivative or equity derivative between the covered company and a third party where the covered company is the protection provider and the reference asset is an obligation or equity security of, or equity investment in, an SPV.

(2)(i) A covered company must determine whether the amount of its gross credit exposure to an issuer of assets in an SPV, due to an SPV exposure, is equal to or greater than 0.25 percent of the covered company's tier 1 capital using one of the following two methods:

(A) The sum of all of the issuer's assets (with each asset valued in accordance with §238.153(a)) in the SPV; or

(B) The application of the look-through approach described in paragraph (b) of this section.

(ii) With respect to the determination required under paragraph (a)(2)(i) of this section, a covered company must use the same method to calculate gross credit exposure to each issuer of assets in a particular SPV.

(iii) In making a determination under paragraph (a)(2)(i) of this section, the covered company must consider only the credit exposure to the issuer arising from the covered company's SPV exposure.

(iv) For purposes of this paragraph (a)(2), a covered company that is unable to identify each issuer of assets in an SPV must attribute to a single unknown counterparty the amount of its gross credit exposure to all unidentified issuers and calculate such gross credit exposure using one method in either paragraph (a)(2)(i)(A) or (a)(2)(i)(B) of this section.

(3)(i) If a covered company determines pursuant to paragraph (a)(2) of this section that the amount of its gross credit exposure to an issuer of assets in an SPV is less than 0.25 percent of the covered company's tier 1 capital, the amount of the covered company's gross credit exposure to that issuer may be attributed to either that issuer of assets or the SPV:

(A) If attributed to the issuer of assets, the issuer of assets must be identified as a counterparty, and the gross credit exposure calculated under paragraph (a)(2)(i)(A) of this

section to that issuer of assets must be aggregated with any other gross credit exposures (valued in accordance with § 238.153) to that same counterparty; and

(B) If attributed to the SPV, the covered company's gross credit exposure is equal to the covered company's SPV exposure, valued in accordance with § 238.153(a).

(ii) If a covered company determines pursuant to paragraph (a)(2) of this section that the amount of its gross credit exposure to an issuer of assets in an SPV is equal to or greater than 0.25 percent of the covered company's tier 1 capital or the covered company is unable to determine that the amount of the gross credit exposure is less than 0.25 percent of the covered company's tier 1 capital:

(A) The covered company must calculate the amount of its gross credit exposure to the issuer of assets in the SPV using the look-through approach in paragraph (b) of this section;

(B) The issuer of assets in the SPV must be identified as a counterparty, and the gross credit exposure calculated in accordance with paragraph (b) must be aggregated with any other gross credit exposures (valued in accordance with § 238.153) to that same counterparty; and

(C) When applying the look-through approach in paragraph (b) of this section, a covered company that is unable to identify each issuer of assets in an SPV must attribute to a single unknown counterparty the amount of its gross credit exposure, calculated in accordance with paragraph (b) of this section, to all unidentified issuers.

(iii) For purposes of this section, a covered company must aggregate all gross credit exposures to unknown counterparties for all SPVs as if the exposures related to a single unknown counterparty; this single unknown counterparty is subject to the limits of § 238.152 as if it were a single counterparty.

(b) Look-through approach. A covered company that is required to calculate the amount of its gross credit exposure with respect to an issuer of assets in accordance with this paragraph (b) must calculate the amount as follows:

(1) Where all investors in the SPV rank pari passu, the amount of the gross credit exposure to the issuer of assets is equal to the covered company's pro rata share of the SPV multiplied by the value of the underlying asset in the SPV, valued in accordance with §238.153(a); and

(2) Where all investors in the SPV do not rank pari passu, the amount of the gross credit exposure to the issuer of assets is equal to:

(i) The pro rata share of the covered company's investment in the tranche of the SPV; multiplied by

(ii) The lesser of:

(A) The market value of the tranche in which the covered company has invested, except in the case of a debt security that is held to maturity, in which case the tranche must be valued at the amortized purchase price of the securities; and

(B) The value of each underlying asset attributed to the issuer in the SPV, each as calculated pursuant to § 238.153(a).

(c) *Exposures to third parties.* (1) Notwithstanding any other requirement in this section, a covered company must recognize, for purposes of this subpart, a gross credit exposure to each third party that has a contractual obligation to provide credit or liquidity support to an SPV whose failure or material financial distress would cause a loss in the value of the covered company's SPV exposure.

(2) The amount of any gross credit exposure that is required to be recognized to a third party under paragraph (c)(1) of this section is equal to the covered company's SPV exposure, up to the maximum contractual obligation of that third party to the SPV, valued in accordance with §238.153(a). (This gross credit exposure is in addition to the covered company's gross credit exposure to the SPV or the issuers of assets of the SPV, calculated in accordance with paragraphs (a) and (b) of this section.)

(3) A covered company must aggregate the gross credit exposure to a third party recognized in accordance with paragraphs (c)(1) and (2) of this section with its other gross credit exposures to that third party (that are unrelated to the SPV) for purposes of compliance with the limits of § 238.152.



**PART 238—SAVINGS AND LOAN HOLDING COMPANIES (REGULATION LL)****Subpart Q – Single Counterparty Credit Limits for Covered Saving and Loan Holding Companies****§238.156 Aggregation of exposures to more than one counterparty due to economic interdependence or control relationships.**

(a) In general. (1) If a covered company has an aggregate net credit exposure to any counterparty that exceeds 5 percent of its tier 1 capital, the covered company must assess its relationship with the counterparty under paragraph (b)(2) of this section to determine whether the counterparty is economically interdependent with one or more other counterparties of the covered company and under paragraph (c)(1) of this section to determine whether the counterparty is connected by a control relationship with one or more other counterparties.

(2) If, pursuant to an assessment required under paragraph (a)(1) of this section, the covered company determines that one or more of the factors of paragraph (b)(2) or (c)(1) of this section are met with respect to one or more counterparties, or the Board determines pursuant to paragraph (d) of this section that one or more other counterparties of a covered company are economically interdependent or that one or more other counterparties of a covered company are connected by a control relationship, the covered company must aggregate its net credit exposure to the counterparties for all purposes under this subpart, including, but not limited to, § 238.152.

(3) In connection with any request pursuant to paragraph (b)(3) or (c)(2) of this section, the Board may require the covered company to provide additional information.

(b) Aggregation of exposures to more than one counterparty due to economic interdependence. (1) For purposes of this paragraph, two counterparties are economically interdependent if the failure, default, insolvency, or material financial distress of one counterparty would cause the failure, default, insolvency, or material financial distress of the other counterparty, taking into account the factors in paragraph (b)(2) of this section.

(2) A covered company must assess whether the financial distress of one counterparty (counterparty A) would prevent the ability of the other counterparty (counterparty B) to fully and timely repay counterparty B's liabilities and whether the insolvency or default of counterparty A is likely to be associated with the insolvency or default of counterparty B and, therefore, these counterparties are economically interdependent, by evaluating the following:

(i) Whether 50 percent or more of one counterparty's gross revenue is derived from, or gross expenditures are directed to, transactions with the other counterparty;

(ii) Whether counterparty A has fully or partly guaranteed the credit exposure of counterparty B, or is liable by other means, in an amount that is 50 percent or more of the covered company's net credit exposure to counterparty A;

(iii) Whether 25 percent or more of one counterparty's production or output is sold to the other counterparty, which cannot easily be replaced by other customers;

(iv) Whether the expected source of funds to repay the loans of both counterparties is the same and neither counterparty has another independent source of income from which the loans may be serviced and fully repaid<sup>1</sup>; and

(v) Whether two or more counterparties rely on the same source for the majority of their funding and, in the event of the common provider's default, an alternative provider cannot be found.

(3)(i) Notwithstanding paragraph (b)(2) of this section, if a covered company determines that one or more of the factors in paragraph (b)(2) is met, the covered company may request in writing a determination from the Board that those counterparties are not economically interdependent and that the covered company is not required to aggregate those counterparties.

(ii) Upon a request by a covered company pursuant to paragraph (b)(3) of this section, the Board may grant temporary relief to the covered company and not require the covered company to aggregate one counterparty with another counterparty provided that the counterparty could promptly modify its business relationships, such as by reducing its reliance on the other counterparty, to address any economic interdependence concerns, and provided that such relief is in the public interest and is consistent with the purpose of this subpart.

(c) Aggregation of exposures to more than one counterparty due to certain control relationships. (1) For purposes of this subpart, one counterparty (counterparty A) is deemed to control the other counterparty (counterparty B) if:

(i) Counterparty A owns, controls, or holds with the power to vote 25 percent or more of any class of voting securities of counterparty B; or

(ii) Counterparty A controls in any manner the election of a majority of the directors, trustees, or general partners (or individuals exercising similar functions) of counterparty B.

(2)(i) Notwithstanding paragraph (c)(1) of this section, if a covered company determines that one or more of the factors in paragraph (c)(1) is met, the covered company may request in writing a determination from the Board that counterparty A does not control counterparty B and that the covered company is not required to aggregate those counterparties.

(ii) Upon a request by a covered company pursuant to paragraph (c)(2) of this section, the Board may grant temporary relief to the covered company and not require the covered company to aggregate counterparty A with counterparty B provided that, taking into account the specific facts and circumstances, such indicia of control does not result in the entities being connected by control relationships for purposes of this subpart, and provided that such relief is in the public interest and is consistent with the purpose of this subpart.

(d) Board determinations for aggregation of counterparties due to economic interdependence or control relationships. The Board may determine, after notice to the covered company and opportunity for hearing, that one or more counterparties of a covered company are:

(i) Economically interdependent for purposes of this subpart, considering the factors in paragraph (b)(2) of this section, as well as any other indicia of economic interdependence that the Board determines in its discretion to be relevant; or

(ii) Connected by control relationships for purposes of this subpart, considering the factors in paragraph (c)(1) of this section and whether counterparty A:

(A) Controls the power to vote 25 percent or more of any class of voting securities of Counterparty B pursuant to a voting agreement;

(B) Has significant influence on the appointment or dismissal of counterparty B's administrative, management, or governing body, or the fact that a majority of members of such body have been appointed solely as a result of the exercise of counterparty A's voting rights; or

(C) Has the power to exercise a controlling influence over the management or policies of counterparty B.

(e) Board determinations for aggregation of counterparties to prevent evasion. Notwithstanding paragraphs (b) and (c) of this section, a covered company must aggregate its exposures to a counterparty with the covered company's exposures to another counterparty if the Board determines in writing after notice and opportunity for hearing, that the exposures to the two counterparties must be aggregated to prevent evasions of the purposes of this subpart, including, but not limited to § 238.156.

**PART 238—SAVINGS AND LOAN HOLDING COMPANIES (REGULATION LL)**

**Subpart Q – Single Counterparty Credit Limits for Covered Saving and Loan Holding Companies**

**§238.157 Exemptions.**

(a) Exempted exposure categories. The following categories of credit transactions are exempt from the limits on credit exposure under this subpart:

(1) Any direct claim on, and the portion of a claim that is directly and fully guaranteed as to principal and interest by, the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation, only while operating under the conservatorship or receivership of the Federal Housing Finance Agency, and any additional obligation issued by a U.S. government-sponsored entity as determined by the Board;

(2) Intraday credit exposure to a counterparty;

(3) Any trade exposure to a qualifying central counterparty related to the covered company's clearing activity, including potential future exposure arising from transactions cleared by the qualifying central counterparty and pre-funded default fund contributions;

(4) Any credit transaction with the Bank for International Settlements, the International Monetary Fund, the International Bank for Reconstruction and Development, the International Finance Corporation, the International Development Association, the Multilateral Investment Guarantee Agency, or the International Centre for Settlement of Investment Disputes;

(5) Any credit transaction with the European Commission or the European Central Bank;  
and

(6) Any transaction that the Board exempts if the Board finds that such exemption is in the public interest and is consistent with the purpose of this subpart.

(b) Exemption for Federal Home Loan Banks. For purposes of this subpart, a covered company does not include any Federal Home Loan Bank.

(c) Additional exemptions by the Board. The Board may, by regulation or order, exempt transactions, in whole or in part, from the definition of the term "credit exposure," if the Board finds that the exemption is in the public interest.

**PART 238—SAVINGS AND LOAN HOLDING COMPANIES (REGULATION LL)****Subpart Q – Single Counterparty Credit Limits for Covered Saving and Loan Holding Companies****§238.158 Compliance.**

(a) Scope of compliance. (1) Using all available data, including any data required to be maintained or reported to the Federal Reserve under this subpart, a covered company must comply with the requirements of this subpart on a daily basis at the end of each business day.

(2) A covered company must report its compliance to the Federal Reserve as of the end of the quarter, unless the Board determines and notifies that company in writing that more frequent reporting is required.

(3) In reporting its compliance, a covered company must calculate and include in its gross credit exposure to an issuer of eligible collateral or eligible guarantor the amounts of eligible collateral, eligible guarantees, eligible equity derivatives, and eligible credit derivatives that were provided to the covered company in connection with credit transactions with exempt counterparties, valued in accordance with and as required by § 238.154(b) through (d) and (g).

(b) Qualifying Master Netting Agreement. With respect to any qualifying master netting agreement, a covered company must establish and maintain procedures that meet or exceed the requirements of § 217.3(d) of the Board's Regulation Q (12 CFR 217.3(d)) to monitor possible changes in relevant law and to ensure that the agreement continues to satisfy these requirements.

(c) Noncompliance. (1) Except as otherwise provided in this section, if a covered company is not in compliance with this subpart with respect to a counterparty solely due to the circumstances listed in paragraphs (c)(2)(i) through (v) of this section, the covered company will not be subject to enforcement actions for a period of 90 days (or, with prior notice to the company, such shorter or longer period determined by the Board, in its sole discretion, to be appropriate to preserve the safety and soundness of the covered company), if the covered company uses reasonable efforts to return to compliance with this subpart during this period. The covered company may not engage in any additional credit transactions with such a counterparty in contravention of this rule during the period of noncompliance, except as provided in paragraph (c)(2).

(2) A covered company may request a special temporary credit exposure limit exemption from the Board. The Board may grant approval for such exemption in cases where the Board determines that such credit transactions are necessary or appropriate to preserve the safety and soundness of the covered company. In acting on a request for an exemption, the Board will consider the following:

- (i) A decrease in the covered company's capital stock and surplus;
- (ii) The merger of the covered company with another covered company;
- (iii) A merger of two counterparties; or

(iv) An unforeseen and abrupt change in the status of a counterparty as a result of which the covered company's credit exposure to the counterparty becomes limited by the requirements of this section; or

(v) Any other factor(s) the Board determines, in its discretion, is appropriate.

(d) *Other measures.* The Board may impose supervisory oversight and additional reporting measures that it determines are appropriate to monitor compliance with this subpart. Covered companies must furnish, in the manner and form prescribed by the Board, such information to monitor compliance with this subpart and the limits therein as the Board may require.

**PART 242—DEFINITIONS RELATING TO TITLE I OF THE DODD-FRANK ACT  
(REGULATION PP)**

**Authority: 12 U.S.C. 5311.**

**§242.1 Authority and purpose.**

\* \* \* \* \*

(b) \*\*\*

(2) \*\*\*

(i) \*\*\*

(ii) Section 165(d)(2) of the Dodd-Frank Act (12 U.S.C. 5365(d)(2)) relating to the credit exposure reports required to be filed ~~by~~ by-

(A) \*\*\*

(B) A bank holding company or foreign bank subject to the Bank Holding Company Act (BHC Act) (12 U.S.C. 1841 *et seq.*) that ~~has \$50 billion or more in total consolidated assets~~ is a bank holding company described in section 165(a) of the Dodd-Frank Act (12 U.S.C. 5365(a)).

\* \* \* \* \*

**PART 242— DEFINITIONS RELATING TO TITLE I OF THE DODD-FRANK ACT  
(REGULATION PP)**

**§242.4 Significant nonbank financial companies and significant bank holding companies.**

For purposes of Title I of the Dodd-Frank Act, the following definitions shall apply:

(a) *Significant nonbank financial company.* A “significant nonbank financial company” means—

(1) Any nonbank financial company supervised by the Board; and

(2) Any other nonbank financial company that had \$~~50~~100 billion or more in total consolidated assets (as determined in accordance with applicable accounting standards) as of the end of its most recently completed fiscal year.

(b) *Significant bank holding company.* A “significant bank holding company” means ~~any~~any

(1) Any bank holding company or company that is, or is treated in the United States as, a bank holding company, that had \$~~50~~100 billion or more in total consolidated assets as of the end of the most recently completed calendar year, as reported on either the Federal Reserve’s FR Y-9C (Consolidated Financial Statement for ~~Bank~~-Holding Companies), or any successor form thereto, or the Federal Reserve’s Form FR Y-7Q (Capital and Asset Report for Foreign Banking Organizations), or any successor form thereto.



**PART 252—ENHANCED PRUDENTIAL STANDARDS (REGULATION YY)**

**Authority:** 12 U.S.C. 321–338a, 481–486, 1467a, 1818, 1828, 1831n, 1831o, 1831p–l, 1831w, 1835, 1844(b), 1844(c), 3101 *et seq.*, 3101 note, 3904, 3906–3909, 4808, 5361, 5362, 5365, 5366, 5367, 5368, 5371.

**Subpart A – General Provisions**

**§252.1 Authority and purpose.**

(a) \*\*\*

(b) *Purpose.* This part implements certain provisions of section 165 of the Dodd-Frank Act (12 U.S.C. 5365), which require the Board to establish enhanced prudential standards for [certain](#) bank holding companies ~~and~~, foreign banking organizations, [nonbank financial companies](#), with total consolidated assets of \$50 billion or more, nonbank financial companies supervised by the Board, and certain other companies.

**PART 252—ENHANCED PRUDENTIAL STANDARDS (REGULATION YY)****Subpart A – General Provisions****§252.2 Definitions.**

Unless otherwise specified, the following definitions apply for purposes of this part:

~~(a)~~ *Affiliate* has the same meaning as in section 2(k) of the Bank Holding Company Act (12 U.S.C. 1841(k)) and section 225.2(a) of the Board's Regulation Y (12 CFR 225.2(a)).

~~(b)~~ *Applicable accounting standards* means U.S. generally accepted accounting principles, international financial reporting standards, or such other accounting standards that a company uses in the ordinary course of its business in preparing its consolidated financial statements.

*Average cross-jurisdictional activity.* A banking organization's average cross-jurisdictional activity is equal to the average of its cross jurisdictional activity for the four most recent calendar quarters or, if the company has not filed the FR Y-15 for each of the four most recent calendar quarters, for the most recent quarter or quarters, as applicable. Cross-jurisdictional activity is the sum of cross-jurisdictional claims and cross-jurisdictional liabilities.

*Average off-balance sheet exposure.* A banking organization's average off-balance sheet exposure is equal to the average of its off-balance sheet exposure for the four most recent calendar quarters or, if the banking organization has not filed each of the applicable reporting forms for each of the four most recent calendar quarters, for the most recent quarter or quarters, as applicable. Off-balance sheet exposure is equal to:

(1) The total exposures of the banking organization, as reported by the banking organization on the FR Y-15 for each of the four most recent calendar quarters, or for the most recent quarter or quarters, as applicable; minus

(2) The total consolidated assets of the banking organization.

*Average total consolidated assets.* Average total consolidated assets of a banking organization are equal to its consolidated assets, calculated based on the average of the holding company's total consolidated assets in the four most recent quarters as reported quarterly on the FR Y-9C. If the holding company has not filed the FR Y-9C for each of the four most recent consecutive quarters, total consolidated assets means the average of its total consolidated assets, as reported on the FR Y-9C, for the most recent quarter or consecutive quarters, as applicable. Total consolidated assets are measured on the as-of date of the most recent FR Y-9C used in the calculation of the average.

*Average total nonbank assets.* A banking organization's average total nonbank assets is equal to the average of the total nonbank assets of the banking organization, as reported on the FR Y-9LP, for the four most recent calendar quarters or, if the organization has not filed the FR Y-9LP for each of the four most recent calendar quarters, for the most recent quarter or quarters, as applicable.

Average weighted short-term wholesale funding. A banking organization's average weighted short-term wholesale funding is equal to the average of the banking organization's weighted short-term wholesale funding, as reported on the FR Y-15, for each of the four most recent calendar quarters or, if the banking organization has not filed the FR Y-15 for each of the four most recent calendar quarters, for the most recent quarter or quarters, as applicable.

~~(e)~~ *Bank holding company* has the same meaning as in section 2(a) of the Bank Holding Company Act (12 U.S.C. 1841(a)) and section 225.2(c) of the Board's Regulation Y (12 CFR 225.2(c)).

Banking organization. Banking organization means a bank holding company that is:

(1) Incorporated in or organized under the laws of the United States or in any State;

(2) Not a consolidated subsidiary of a bank holding company that is incorporated in or organized under the laws of the United States or in any State; and

(3) Is not a U.S. intermediate holding company established or designated by a foreign banking organization.

~~(d)~~ *Board* means the Board of Governors of the Federal Reserve System.

Category II bank holding company means a bank holding company identified as a Category II banking organization pursuant to section 252.5 of this subpart.

Category III bank holding company means a bank holding company identified as a Category III banking organization pursuant to section 252.5 of this subpart.

Category IV bank holding company means a bank holding company identified as a Category IV banking organization pursuant to section 252.5 of this subpart.

~~(e)~~ *Combined U.S. operations of a foreign banking organization* means:

(1) Its U.S. branches and agencies, if any; and

(2)(i) If the foreign banking organization has established a U.S. intermediate holding company, the U.S. intermediate holding company and the subsidiaries of such U.S. intermediate holding company; or

(ii) If the foreign banking organization has not established a U.S. intermediate holding company, the U.S. subsidiaries of the foreign banking organization (excluding any section 2(h)(2) company, if applicable), and subsidiaries of such U.S. subsidiaries.

~~(f)~~ *Company* means a corporation, partnership, limited liability company, depository institution, business trust, special purpose entity, association, or similar organization.

~~(g)~~ *Control* has the same meaning as in section 2(a) of the Bank Holding Company Act (12 U.S.C. 1841(a)), and the terms controlled and controlling shall be construed consistently with the term control.

~~(h)~~ *Council* means the Financial Stability Oversight Council established by section 111 of the Dodd-Frank Act (12 U.S.C. 5321).

~~(i)~~ *Credit enhancement* means a qualified financial contract of the type set forth in section 210(c)(8)(D)(ii)(XII), (iii)(X), (iv)(V), (v)(VI), or (vi)(VI) of Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5390(c)(8)(D)(ii)(XII), (iii)(X), (iv)(V), (v)(VI), or (vi)(VI)) or a credit enhancement that the Federal Deposit Insurance Corporation determines by regulation is a qualified financial contract pursuant to section 210(c)(8)(D)(i) of Title II of the act (12 U.S.C. 5390(c)(8)(D)(i)).

[Cross-jurisdictional activity. A banking organization's cross-jurisdictional activity is equal to the sum of its cross-jurisdictional claims and cross-jurisdictional liabilities, as reported on the FR Y-15.](#)

[Depository institution has the same meaning as in section 3 of the Federal Deposit Insurance Act \(12 U.S.C. 1813\(c\)\).](#)

~~(j)~~ *DPC branch subsidiary* means any subsidiary of a U.S. branch or a U.S. agency acquired, or formed to hold assets acquired, in the ordinary course of business and for the sole purpose of securing or collecting debt previously contracted in good faith by that branch or agency.

~~(k)~~ *Foreign banking organization* has the same meaning as in section 211.21(o) of the Board's Regulation K (12 CFR 211.21(o)), provided that if the top-tier foreign banking organization is incorporated in or organized under the laws of any State, the foreign banking organization shall not be treated as a foreign banking organization for purposes of this part.

~~(l)~~ *FR Y-7Q* means the Capital and Asset Report for Foreign Banking Organizations reporting form.

~~(m)~~ *FR Y-7* means the Annual Report of Foreign Banking Organizations reporting form.

~~(n)~~ *FR Y-9C* means the Consolidated Financial Statements for Holding Companies reporting form.

[FR Y-9LP means the Parent Company Only Financial Statements of Large Holding Companies.](#)

[FR Y-15 means the Banking Organization Systemic Risk Report.](#)

~~(o)~~ *Global methodology* means the assessment methodology and the higher loss absorbency requirement for global systemically important banks issued by the Basel Committee on Banking Supervision, as updated from time to time.

[Global systemically important BHC means a bank holding company identified as a global systemically important BHC pursuant to 12 CFR 217.402.](#)

~~(p)~~ *Global systemically important banking organization* means a global systemically important bank, as such term is defined in the global methodology.

~~(g)~~ *Global systemically important foreign banking organization* means a top-tier foreign banking organization that is identified as a global systemically important foreign banking organization under §252.153(b)(4).

[GAAP means generally accepted accounting principles as used in the United States.](#)

~~(h)~~ *Home country*, with respect to a foreign banking organization, means the country in which the foreign banking organization is chartered or incorporated.

~~(i)~~ *Home country resolution authority*, with respect to a foreign banking organization, means the governmental entity or entities that under the laws of the foreign banking organization's home country has responsibility for the resolution of the top-tier foreign banking organization.

~~(j)~~ *Home country supervisor*, with respect to a foreign banking organization, means the governmental entity or entities that under the laws of the foreign banking organization's home country has responsibility for the supervision and regulation of the top-tier foreign banking organization.

~~(k)~~ *Nonbank financial company supervised by the Board* means a company that the Council has determined under section 113 of the Dodd-Frank Act (12 U.S.C. 5323) shall be supervised by the Board and for which such determination is still in effect.

~~(l)~~ *Non-U.S. affiliate* means any affiliate of a foreign banking organization that is incorporated or organized in a country other than the United States.

[Off-balance sheet exposure. A banking organization's off-balance sheet exposure is equal to:](#)

[\(1\) The total exposure of the banking organization, as reported by the banking organization on the FR Y-15; minus](#)

[\(2\) The total consolidated assets of the banking organization for the same calendar quarter.](#)

~~(w)~~ *Publicly traded* means an instrument that is traded on:

(1) Any exchange registered with the U.S. Securities and Exchange Commission as a national securities exchange under section 6 of the Securities Exchange Act of 1934 (15 U.S.C. 78f); or

(2) Any non-U.S.-based securities exchange that:

(i) Is registered with, or approved by, a non-U.S. national securities regulatory authority; and

(ii) Provides a liquid, two-way market for the instrument in question, meaning that there are enough independent bona fide offers to buy and sell so that a sales price reasonably related to the last sales price or current bona fide competitive bid and offer quotations can be determined

promptly and a trade can be settled at such price within a reasonable time period conforming with trade custom.

(3) A company can rely on its determination that a particular non-U.S.-based securities exchange provides a liquid two-way market unless the Board determines that the exchange does not provide a liquid two-way market.

~~(x)~~ *Section 2(h)(2) company* has the same meaning as in section 2(h)(2) of the Bank Holding Company Act (12 U.S.C. 1841(h)(2)).

~~(y)~~ *State* means any state, commonwealth, territory, or possession of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, American Samoa, Guam, or the United States Virgin Islands.

~~(z)~~ *Subsidiary* has the same meaning as in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813).

~~(aa)~~ *Top-tier foreign banking organization*, with respect to a foreign bank, means the top-tier foreign banking organization or, alternatively, a subsidiary of the top-tier foreign banking organization designated by the Board.

[Total consolidated assets. Total consolidated assets of a banking organization are equal to its consolidated assets, as reported on the FR Y-9C.](#)

[Total nonbank assets. A banking organization's total nonbank assets are equal to the total nonbank assets of the banking organization, as reported on the FR Y-9LP.](#)

~~(bb)~~ *U.S. agency* has the same meaning as the term “agency” in section 211.21(b) of the Board’s regulation K (12 CFR 211.21(b)).

~~(cc)~~ *U.S. branch* has the same meaning as the term “branch” in section 211.21(e) of the Board’s Regulation K (12 CFR 211.21(e)).

~~(dd)~~ *U.S. branches and agencies* means the U.S. branches and U.S. agencies of a foreign banking organization.

~~(ee)~~ *U.S. government agency* means an agency or instrumentality of the United States whose obligations are fully and explicitly guaranteed as to the timely payment of principal and interest by the full faith and credit of the United States.

~~(ff)~~ *U.S. government-sponsored enterprise* means an entity originally established or chartered by the U.S. government to serve public purposes specified by the U.S. Congress, but whose obligations are not explicitly guaranteed by the full faith and credit of the United States.

~~(gg)~~ *U.S. intermediate holding company* means the top-tier U.S. company that is required to be established pursuant to §252.153.

~~(hh)~~ *U.S. subsidiary* means any subsidiary that is incorporated in or organized under the laws of the United States or in any State, commonwealth, territory, or possession of the United

States, the Commonwealth of Puerto Rico, the Commonwealth of the North Mariana Islands, the American Samoa, Guam, or the United States Virgin Islands.

(x) *Weighted short-term wholesale funding.* A banking organization's weighted short-term wholesale funding is equal to the banking organization's weighted short-term wholesale funding, as reported on the FR Y-15.

\* \* \* \* \*

**PART 252—ENHANCED PRUDENTIAL STANDARDS (REGULATION YY)****Subpart A – General Provisions****§252.5 Categorization of banking organizations.**

(a) General. A banking organization with average total consolidated assets of \$100 billion or more must determine its category among the four categories described in paragraphs (b)-(e) of this section at least quarterly.

(b) Global systemically important BHC. (1) A banking organization is a global systemically important BHC if the banking organization is identified as a global systemically important BHC pursuant to 12 CFR 217.402.

(2) After meeting the criteria in paragraph (b)(1) of this section, a banking organization continues to be a global systemically important BHC until the banking organization has not been identified as a global systemically important BHC in each of the four most recent calendar quarters.

(c) Category II. (1) A banking organization is a Category II banking organization if the banking organization:

(i) (A) Has \$700 billion or more in average total consolidated assets; or

(B) Has \$75 billion or more in average cross-jurisdictional activity and \$100 billion or more in average total consolidated assets; and

(ii) Is not a global systemically important BHC.

(2) After meeting the criteria in paragraph (c)(1) of this section, a banking organization continues to be a Category II banking organization until the banking organization:

(i) Has:

(A) Less than \$700 billion in total consolidated assets for each of the four most recent calendar quarters; and

(B) Less than \$75 billion in cross-jurisdictional activity for each of the four most recent calendar quarters;

(ii) Has less than \$100 billion in total consolidated assets for each of the four most recent calendar quarters; or

(iii) Meets the criteria in paragraph (b)(1) to be a global systemically important BHC.

(d) Category III. (1) A banking organization is a Category III banking organization if the banking organization:

(i) Has:



(A) \$250 billion or more in average total consolidated assets; or

(B) \$100 billion or more in average total consolidated assets and at least:

(1) \$75 billion in average total nonbank assets;

(2) \$75 billion in average weighted short-term wholesale funding; or

(3) \$75 billion in average off-balance sheet exposure;

(ii) Is not a global systemically important BHC; and

(iii) Is not a Category II banking organization.

(2) After meeting the criteria in paragraph (d)(1) of this section, a banking organization continues to be a Category III banking organization until the banking organization:

(i) Has:

(A) Less than \$250 billion in total consolidated assets for each of the four most recent calendar quarters;

(B) Less than \$75 billion in total nonbank assets for each of the four most recent calendar quarters;

(C) Less than \$75 billion in weighted short-term wholesale funding for each of the four most recent calendar quarters; and

(D) Less than \$75 billion in off-balance sheet exposure for each of the four most recent calendar quarters; or

(ii) Has less than \$100 billion in total consolidated assets for each of the four most recent calendar quarters;

(iii) Meets the criteria in paragraph (b)(1) of this section to be a global systemically important BHC; or

(iv) Meets the criteria in paragraph (c)(1) of this section to be a Category II banking organization.

(e) *Category IV.* (1) A banking organization with average total consolidated assets of \$100 billion or more is a Category IV banking organization if the banking organization:

(i) Is not global systemically important BHC;

(ii) Is not a Category II banking organization; and

(iii) Is not a Category III banking organization.

(2) After meeting the criteria in paragraph (e)(1), a banking organization continues to be a Category IV banking organization until the banking organization:

(i) Has less than \$100 billion in total consolidated assets for each of the four most recent calendar quarters;

(ii) Meets the criteria in paragraph (b)(1) of this section to be a global systemically important BHC;

(iii) Meets the criteria in paragraph (c)(1) of this section to be a Category II banking organization; or

(iv) Meets the criteria in paragraph (d)(1) of this section to be a Category III banking organization.

**PART 252—ENHANCED PRUDENTIAL STANDARDS (REGULATION YY)****Subpart B – Acquisition of Bank Securities or Assets**

\* \* \* \* \*

**§252.11 Authority and purpose.**

(a) *Authority.* 12 U.S.C. 321-338a, ~~1467a(g)~~, 1818, ~~1831e~~, 1831p-1, ~~1844(b)~~, ~~1844(e)~~, 3906-3909, 5365.

(b) *Purpose.* This subpart implements section 165(i)(2) of the Dodd-Frank Act (12 U.S.C. 5365(i)(2)), which requires ~~a bank holding company with total consolidated assets of greater than \$10 billion but less than \$50 billion and savings and loan holding companies and~~ state member banks with total consolidated assets of greater than \$10 billion to conduct annual stress tests. This subpart also establishes definitions of stress ~~test~~tests and related terms, methodologies for conducting stress tests, and reporting and disclosure requirements.

**PART 252—ENHANCED PRUDENTIAL STANDARDS (REGULATION YY)**

**Subpart B – Acquisition of Bank Securities or Assets**

**§252.12 Definitions.**

\* \* \* \* \*

(c) *Asset threshold* means:

a ~~(1) For a bank holding company, average total consolidated assets of greater than \$10 billion but less than \$50 billion, and~~

~~(2) For a savings and loan holding company or~~ state member bank, with average total consolidated assets of greater than \$10 billion.

(d) *Average total consolidated assets* means the average of the total consolidated assets as reported by a ~~bank holding company, savings and loan holding company, or~~ state member bank on its Consolidated ~~Financial Statements for Bank Holding Companies (FR Y-9C) or Consolidated~~ Report of Condition and Income (Call Report), ~~as applicable,~~ for the four most recent consecutive quarters. If the ~~bank holding company, savings and loan holding company, or~~ state member bank has not filed the ~~FR Y-9C or~~ Call Report, as applicable, for each of the four most recent consecutive quarters, average total consolidated assets means the average of the ~~company's~~company's total consolidated assets, as reported on the ~~company's FR Y-9C or~~state member bank's Call Report, ~~as applicable,~~ for the most recent ~~quarter or~~ consecutive quarters. Average total consolidated assets are measured on the as-of date of the most recent ~~FR Y-9C or~~ Call Report, ~~as applicable,~~ used in the calculation of the average.

\* \* \* \* \*

(f) *Baseline scenario* means a set of conditions that affect the U.S. economy or the financial condition of a ~~bank holding company, savings and loan holding company, or~~ state member bank, and that reflect the consensus views of the economic and financial outlook.

(g) *Capital action* has the same meaning as in §225.8~~(e)(2)~~ of the Board's Regulation Y (12 CFR 225.8~~(e)(2)~~).

\* \* \* \* \*

(n) *Regulatory capital ratio* means a capital ratio for which the Board established minimum requirements for the ~~company~~state member bank by regulation or order, including a ~~company's~~company's tier 1 and supplementary leverage ratio as calculated under 12 CFR part 217, including the deductions required under 12 CFR 248.12, as applicable, and the ~~company's~~company's common equity tier 1, tier 1, and total risk-based capital ratios as calculated under 12 CFR part 217, including the deductions required under 12 CFR 248.12 and the transition provisions at 12 CFR 217.1(f)(4) and 217.300; except that the company shall not use the advanced approaches to calculate its regulatory capital ratios.

~~(o) Savings and loan holding company has the same meaning as in §238.2(m) of the Board's Regulation LL (12 CFR 238.2(m)).~~

(p) *Scenarios* are those sets of conditions that affect the U.S. economy or the financial condition of a bank holding company, savings and loan holding company, or state member bank that the Board annually determines are appropriate for use in the company-run stress tests, including, but not limited to, baseline, adverse, and severely adverse scenarios.

(q) *Severely adverse scenario* means a set of conditions that affect the U.S. economy or the financial condition of a bank holding company, savings and loan holding company, or state member bank and that overall are more severe than those associated with the adverse scenario and may include trading or other additional components.

(r) *State member bank* has the same meaning as in §208.2(g) of the Board's Regulation H (12 CFR 208.2(g)).

(s) *Stress test* means a process to assess the potential impact of scenarios on the consolidated earnings, losses, and capital of a bank holding company, savings and loan holding company, or state member bank over the planning horizon, taking into account the current condition, risks, exposures, strategies, and activities.

(t) *Stress test cycle* means:

- (1) Until September 30, 2015, the period beginning on October 1 of a calendar year and ending on September 30 of the following calendar year, and
- (2) Beginning October 1, 2015, the period beginning on January 1 of a calendar year and ending on December 31 of that year.

(u) *Subsidiary* has the same meaning as in §225.2(o) the Board's Regulation Y (12 CFR 225.2(o)).

**PART 252—ENHANCED PRUDENTIAL STANDARDS (REGULATION YY)****Subpart B – Acquisition of Bank Securities or Assets****§252.13 Applicability.**

(a) *Scope—(1) Applicability.* Except as provided in paragraph (b) of this section, this subpart applies to:

~~any (i) Any bank holding company with average total consolidated assets (as defined in §252.12(d)) of greater than \$10 billion but less than \$50 billion;~~

~~(ii) Any savings and loan holding company with average total consolidated assets (as defined in §252.12(d)) of greater than \$10 billion; and~~

~~(iii) Any state member bank with average total consolidated assets (as defined in §252.12(d)) of greater than \$10 billion.~~

(2) *Ongoing applicability.* ~~(i) A bank holding company, savings and loan holding company, or state member bank (including any successor company) that is subject to any requirement in this subpart shall remain subject to any such requirement unless and until its total consolidated assets fall below \$10 billion for each of four consecutive quarters, as reported on the FR Y 9C or Call Report, as applicable and effective on the as-of date of the fourth consecutive FR Y 9C or Call Report, as applicable.~~

~~(ii) A bank holding company or savings and loan holding company that becomes a covered company as defined in subpart F of this part and conducts a stress test pursuant to that subpart is not subject to the requirements of this subpart.~~

(b) *Transitional arrangements—(1) Transition periods for bank holding companies and state member banks.* ~~(i) A bank holding company or~~ Transition period. (1) A state member bank that exceeds the asset threshold for the first time on or before March 31 of a given year, must comply with the requirements of this subpart beginning on January 1 of the following year, unless that time is extended by the Board in writing.

~~(ii)~~ 2 A ~~bank holding company or~~ state member bank that exceeds the asset threshold for the first time after March 31 of a given year must comply with the requirements of this subpart beginning on January 1 of the second year following that given year, unless that time is extended by the Board in writing.

~~(iii) Notwithstanding paragraphs (b)(1)(i) or (ii) of this section, a bank holding company that meets the asset threshold (as defined in §252.12(c)) and that is relying as of July 20, 2015, on Supervision and Regulation Letter SR 01-01 issued by the Board (as in effect on May 19, 2010) must comply with the requirements of this subpart beginning on January 1, 2016, unless that time is extended by the Board in writing.~~

~~(2) Transition period for savings and loan holding companies. (i) A savings and loan holding company that is subject to minimum regulatory capital requirements and exceeds the~~

~~asset threshold for the first time on or before March 31 of a given year, must comply with the requirements of this subpart beginning on January 1 of the following year, unless that time is extended by the Board in writing;~~

~~(ii) A savings and loan holding company that is subject to minimum regulatory capital requirements and exceeds the asset threshold for the first time after March 31 of a given year must comply with the requirements of this subpart beginning on January 1 of the second year following that given year, unless that time is extended by the Board in writing; and~~

~~(iii) Notwithstanding paragraph (b)(2)(i) of this section, a savings and loan holding company that is subject to minimum regulatory capital requirements and exceeded the asset threshold for the first time on or before March 31, 2015, must comply with the requirements of this subpart beginning on January 1, 2017, unless that time is extended by the Board in writing.~~

(3) *Transition periods for companies subject to the supplementary leverage ratio.*  
Notwithstanding §252.12(n), for purposes of the stress test cycle beginning on January 1, 2016, a company shall not include an estimate of its supplementary leverage ratio.

**PART 252—ENHANCED PRUDENTIAL STANDARDS (REGULATION YY)****Subpart B – Acquisition of Bank Securities or Assets****§252.14 Annual stress test.**

(a) *General requirements*—(1) *General*. A ~~bank holding company, savings and loan holding company, and~~ state member bank must conduct an annual stress test in accordance with paragraphs (a)(2) and (3) of this section.

(2) *Timing for the stress test cycle beginning on October 1, 2014*. For the stress test cycle beginning on October 1, 2014:

(i) A state member bank that is a covered company subsidiary must conduct its stress test by January 5, 2015, based on data as of September 30, 2014, unless the time or the as-of date is extended by the Board in writing; and

(ii) A state member bank that is not a covered company subsidiary and a bank holding company must conduct its stress test by March 31, 2015, based on data as of September 30, 2014, unless the time or the as-of date is extended by the Board in writing.

(3) *Timing for each stress test cycle beginning after October 1, 2014*. For each stress test cycle beginning after October 1, 2014:

(i) A state member bank that is a covered company subsidiary ~~and a savings and loan holding company with average total consolidated assets of \$50 billion or more~~ must conduct its stress test by April 5 of each calendar year based on data as of December 31 of the preceding calendar year, unless the time or the as-of date is extended by the Board in writing; and

(ii) A state member bank that is not a covered company subsidiary, ~~a bank holding company, and a savings and loan holding company with average total consolidated assets of less than \$50 billion~~ must conduct its stress test by July 31 of each calendar year using financial statement data as of December 31 of the preceding calendar year, unless the time or the as-of date is extended by the Board in writing.

(b) *Scenarios provided by the Board*—(1) *In general*. In conducting a stress test under this section, a ~~bank holding company, savings and loan holding company, or~~ state member bank must, at a minimum, use the scenarios provided by the Board. Except as provided in paragraphs (b)(2) and (3) of this section, the Board will provide a description of the scenarios to each ~~bank holding company, savings and loan holding company, or~~ state member bank no later than November 15, 2014 (for the stress test cycle beginning on October 1, 2014) and no later than February 15 of that calendar year (for each stress test cycle beginning thereafter).

(2) *Additional components*. (i) The Board may require a ~~bank holding company, savings and loan holding company, or~~ state member bank with significant trading activity, as determined by the Board and specified in the Capital Assessments and Stress Testing report (FR Y-14), to include a trading and counterparty component in its adverse and severely adverse scenarios in the stress test required by this section. The Board may also require a state member bank that is



subject to 12 CFR part 208, appendix E (or, beginning on January 1, 2015, 12 CFR 217, subpart F) or that is a subsidiary of a bank holding company that is subject to either this paragraph or §252.54(b)(2)(i) of this part to include a trading and counterparty component in the state member ~~bank's~~bank's adverse and severely adverse scenarios in the stress test required by this section. For the stress test cycle beginning on October 1, 2014, the data used in this component must be as of a date between October 1 and December 1 of 2014 selected by the Board, and the Board will communicate the as-of date and a description of the component to the company no later than December 1 of the calendar year. For each stress test cycle beginning thereafter, the data used in this component must be as of a date between January 1 and March 1 of that calendar year selected by the Board, and the Board will communicate the as-of date and a description of the component to the company no later than March 1 of that calendar year.

(ii) The Board may require a ~~bank holding company, savings and loan holding company,~~ ~~or~~ state member bank to include one or more additional components in its adverse and severely adverse scenarios in the stress test required by this section based on the ~~company's~~company's financial condition, size, complexity, risk profile, scope of operations, or activities, or risks to the U.S. economy.

(3) *Additional scenarios.* The Board may require a ~~bank holding company, savings and loan holding company,~~ ~~or~~ state member bank to include one or more additional scenarios in the stress test required by this section based on the ~~company's~~company's financial condition, size, complexity, risk profile, scope of operations, or activities, or risks to the U.S. economy.

(4) *Notice and response*—(i) *Notification of additional component.* If the Board requires a ~~bank holding company, savings and loan holding company,~~ ~~or~~ state member bank to include one or more additional components in its adverse and severely adverse scenarios under paragraph (b)(2) of this section or to use one or more additional scenarios under paragraph (b)(3) of this section, the Board will notify the company in writing by September 30, 2014 (for the stress test cycle beginning on October 1, 2014) and by December 31 (for each stress test cycle beginning thereafter).

(ii) *Request for reconsideration and Board response.* Within 14 calendar days of receipt of a notification under this paragraph, the ~~bank holding company, savings and loan holding company,~~ ~~or~~ state member bank may request in writing that the Board reconsider the requirement that the company include the additional component(s) or additional scenario(s), including an explanation as to why the reconsideration should be granted. The Board will respond in writing within 14 calendar days of receipt of the ~~company's~~company's request.

(iii) *Description of component.* The Board will provide the ~~bank holding company, savings and loan holding company,~~ ~~or~~ state member bank with a description of any additional component(s) or additional scenario(s) by December 1, 2014 (for the stress test cycle beginning on October 1, 2014) and by March 1 (for each stress test cycle beginning thereafter).

**PART 252—ENHANCED PRUDENTIAL STANDARDS (REGULATION YY)****Subpart B – Acquisition of Bank Securities or Assets****§252.15 Methodologies and practices.**

(a) *Potential impact on capital.* In conducting a stress test under §252.14, for each quarter of the planning horizon, a ~~bank holding company, savings and loan holding company, or~~ state member bank must estimate the following for each scenario required to be used:

\* \* \* \* \*

~~(b) Assumptions regarding capital actions. In conducting a stress test under §252.14, a bank holding company or savings and loan holding company is required to make the following assumptions regarding its capital actions over the planning horizon:~~

~~(1) For the first quarter of the planning horizon, the bank holding company or savings and loan holding company must take into account its actual capital actions as of the end of that quarter; and~~

~~(2) For each of the second through ninth quarters of the planning horizon, the bank holding company or savings and loan holding company must:~~

~~(i) Assume no redemption or repurchase of any capital instrument that is eligible for inclusion in the numerator of a regulatory capital ratio;~~

~~(ii) Assume no issuances of common stock or preferred stock, except for issuances related to expensed employee compensation or in connection with a planned merger or acquisition to the extent that the merger or acquisition is reflected in the company's pro forma balance sheet estimates; and~~

~~(iii) Make reasonable assumptions regarding payments of dividends consistent with internal capital needs and projections.~~

~~(e)~~ *Controls and oversight of stress testing processes—(1) In general.* The senior management of a ~~bank holding company, savings and loan holding company, or~~ state member bank must establish and maintain a system of controls, oversight, and documentation, including policies and procedures, that are designed to ensure that its stress testing processes are effective in meeting the requirements in this subpart. These policies and procedures must, at a minimum, describe the company's stress testing practices and methodologies, and processes for validating and updating the company's stress test practices and methodologies consistent with applicable laws, regulations, and supervisory guidance.

~~(2) Oversight of stress testing processes.~~ The board of directors, or a committee thereof, of a ~~bank holding company, savings and loan holding company, or~~ state member bank must review and approve the policies and procedures of the stress testing processes as frequently as economic conditions or the condition of the company may warrant, but no less than annually. The board of directors and senior management of the ~~bank holding company, savings and loan~~

~~holding company, or~~ state member bank must receive a summary of the results of the stress test conducted under this section.

(3) *Role of stress testing results.* The board of directors and senior management of a ~~bank holding company, savings and loan holding company, or~~ state member bank must consider the results of the stress test in the normal course of business, including but not limited to, the ~~banking organization's~~state member bank's capital planning, assessment of capital adequacy, and risk management practices.

**PART 252—ENHANCED PRUDENTIAL STANDARDS (REGULATION YY)**

**Subpart B – Acquisition of Bank Securities or Assets**

**§252.16 Reports of stress test results.**

(a) *Reports to the Board of stress test results*—(1) *General*. A ~~bank holding company, savings and loan holding company, and~~ state member bank must report the results of the stress test to the Board in the manner and form prescribed by the Board, in accordance with paragraphs (a)(2) and (3) of this section.

(2) \*\*\*

(3) *Timing for each stress test cycle beginning after October 1, 2014*. For each stress test cycle beginning after October 1, 2014:

(i) A state member bank that is a covered company subsidiary ~~and a savings and loan holding company that has average total consolidated assets of \$50 billion or more~~ must report the results of the stress test to the Board by April 5, unless that time is extended by the Board in writing; and

(ii) A state member bank that is not a covered company subsidiary, ~~a bank holding company, and a savings and loan holding company with average total consolidated assets of less than \$50 billion~~ must report the results of the stress test to the Board by July 31, unless that time is extended by the Board in writing.

\* \* \* \* \*

**PART 252—ENHANCED PRUDENTIAL STANDARDS (REGULATION YY)****Subpart B – Acquisition of Bank Securities or Assets****§252.17 Disclosure of stress test results.**

(a) *Public disclosure of results*—(1) *General.* (i) A ~~bank holding company, savings and loan holding company, and~~ state member bank must publicly disclose a summary of the results of the stress test required under this subpart.

(ii) [Reserved]

(2) \*\*\*

~~(i) A state member bank that is a covered company subsidiary must publicly disclose a summary of the results of the stress test within 15 calendar days after the Board discloses the results of its supervisory stress test of the covered company pursuant to §252.46(e) of this part, unless that time is extended by the Board in writing; and~~

~~(ii) A state member bank that is not a covered company subsidiary and a bank holding company must publicly disclose a summary of the results of the stress test in the period beginning on June 15 and ending on June 30, 2015, unless that time is extended by the Board in writing.~~

(3) *Timing for each stress test cycle beginning after October 1, 2014.* For each stress test cycle beginning after October 1, 2014:

(i) A state member bank that is a covered company subsidiary must publicly disclose a summary of the results of the stress test within 15 calendar days after the Board discloses the results of its supervisory stress test of the covered company pursuant to §252.46(c) of this part, unless that time is extended by the Board in writing; [and](#)

~~(ii) A savings and loan holding company with average total consolidated assets of \$50 billion or more must publicly disclose a summary of the results of the stress test in the period beginning on June 15 and ending on June 30, unless that time is extended by the Board in writing; and~~

~~(iii) A state member bank that is not a covered company subsidiary, a bank holding company, and a savings and loan holding company with average total consolidated assets of less than \$50 billion must publicly disclose a summary of the results of the stress test in the period beginning on October 15 and ending on October 31, unless that time is extended by the Board in writing.~~

~~(34) *Disclosure method.* The summary required under this section may be disclosed on the Web site of a bank holding company, savings and loan holding company, or~~ state member bank, or in any other forum that is reasonably accessible to the public.

~~(b) *Summary of results*—(1) *Bank holding companies and savings and loan holding companies.* The summary of the results of a bank holding company or savings and loan holding~~

~~company must, at a minimum, contain the following information regarding the severely adverse scenario:~~

- ~~(i) A description of the types of risks included in the stress test;~~
- ~~(ii) A summary description of the methodologies used in the stress test;~~
- ~~(iii) Estimates of—~~
  - ~~(A) Aggregate losses;~~
  - ~~(B) Pre-provision net revenue;~~
  - ~~(C) Provision for loan and lease losses;~~
  - ~~(D) Net income; and~~
  - ~~(E) Pro forma regulatory capital ratios and any other capital ratios specified by the Board;~~
- ~~(iv) An explanation of the most significant causes for the changes in regulatory capital ratios; and~~
- ~~(v) With respect to any depository institution subsidiary that is subject to stress testing requirements pursuant to 12 U.S.C. 5365(i)(2), as implemented by this subpart, 12 CFR part 46 (OCC), or 12 CFR part 325, subpart C (FDIC), changes over the planning horizon in regulatory capital ratios and any other capital ratios specified by the Board and an explanation of the most significant causes for the changes in regulatory capital ratios.~~

(21) *State member banks that are subsidiaries of bank holding companies.* A state member bank that is a subsidiary of a bank holding company satisfies the public disclosure requirements under this subpart if the bank holding company publicly discloses summary results of its stress test pursuant to this section or §252.58 of this part, unless the Board determines that the disclosures at the holding company level do not adequately capture the potential impact of the scenarios on the capital of the state member bank and requires the state member bank to make public disclosures.

(32) *State member banks that are not subsidiaries of bank holding companies.* A state member bank that is not a subsidiary of a bank holding company or that is required to make disclosures under paragraph (b)(21) of this section must publicly disclose, at a minimum, the following information regarding the severely adverse scenario:

- (i) A description of the types of risks being included in the stress test;
- (ii) A summary description of the methodologies used in the stress test;
- (iii) Estimates of—
  - (A) Aggregate losses;
  - (B) Pre-provision net revenue

- (C) Provision for ~~loan and lease~~credit losses;
  - (D) Net income; and
  - (E) Pro forma regulatory capital ratios and any other capital ratios specified by the Board;
- and
- (iv) An explanation of the most significant causes for the changes in regulatory capital ratios.

\* \* \* \* \*

**PART 252—ENHANCED PRUDENTIAL STANDARDS (REGULATION YY)****Subpart C – Risk Committee Requirement for Publicly Traded Bank Holding Companies With Total Consolidated Assets of \$~~10~~50 Billion or Greater and Less Than \$~~50~~100 Billion****§252.21 Applicability.**

(a) *General applicability.* ~~Subject to the initial applicability provisions of paragraph (c) of this section, a~~ Δ bank holding company ~~with any class of stock that is publicly traded~~ must comply with the risk-committee requirements set forth in this subpart beginning on the first day of the ninth quarter following the later of the date on which its total consolidated assets equal or exceed \$~~10~~50 billion ~~and the date on which any class of its stock becomes publicly traded.~~

(b) *Total consolidated assets.* Total consolidated assets of a bank holding company for purposes of this subpart are equal to its consolidated assets, calculated based on the average of the bank holding ~~company's~~ company's total consolidated assets in the four most recent quarters as reported quarterly on its FR Y-9C. If the bank holding company has not filed the FR Y-9C for each of the four most recent consecutive quarters, total consolidated assets means the average of its total consolidated assets, as reported on the FR Y-9C, for the most recent quarter or consecutive quarters, as applicable. Total consolidated assets are measured on the as-of date of the most recent FR Y-9C used in the calculation of the average.

~~(c) *Initial applicability provisions.* A bank holding company that, as of June 30, 2014, has total consolidated assets of \$10 billion or more and has a class of stock that is publicly traded must comply with the requirements of this subpart beginning on July 1, 2015.~~

~~(d)~~ (c) *Cessation of requirements.* A bank holding company will remain subject to the requirements of this subpart until the earlier of the date on which:

(1) Its reported total consolidated assets on the FR Y-9C are below \$~~10~~50 billion for each of four consecutive calendar quarters;

(2) It becomes subject to the requirements of subpart D of this part; and

~~(3) It ceases to have a class of stock that is publicly traded.~~



**PART 252—ENHANCED PRUDENTIAL STANDARDS (REGULATION YY)****Subpart C – Risk Committee Requirement for Publicly Traded Bank Holding Companies With Total Consolidated Assets of \$~~10~~50 Billion or Greater and Less Than \$~~50~~100 Billion****§252.22 Risk committee requirement for publicly traded bank holding companies with total consolidated assets of \$10 billion or more.**

(a) *Risk committee—(1) General.* A bank holding company with ~~any class of stock that is publicly traded and~~ total consolidated assets of \$~~10~~50 billion or more must maintain a risk committee that approves and periodically reviews the risk-management policies of ~~its~~the bank holding company's global operations and oversees the operation of ~~its~~the bank holding company's global risk-management framework.

(~~b~~2) *Risk-management framework.* The bank holding ~~company's~~company's global risk-management framework must be commensurate with its structure, risk profile, complexity, activities, and size and must include:

(~~1~~1) Policies and procedures establishing risk-management governance, risk-management procedures, and risk-control infrastructure for its global operations; and

(~~2~~ii) Processes and systems for implementing and monitoring compliance with such policies and procedures, including:

(~~i~~A) Processes and systems for identifying and reporting risks and risk-management deficiencies, including regarding emerging risks, and ensuring effective and timely implementation of actions to address emerging risks and risk-management deficiencies for its global operations;

(~~ii~~B) Processes and systems for establishing managerial and employee responsibility for risk management;

(~~iii~~C) Processes and systems for ensuring the independence of the risk-management function; and

(~~iv~~D) Processes and systems to integrate risk management and associated controls with management goals and its compensation structure for its global operations.

(~~e~~3) *Corporate governance requirements.* The risk committee must:

(~~1~~i) Have a formal, written charter that is approved by the bank holding ~~company's~~company's board of directors~~;~~

(ii) Be an independent committee of the board of directors that has, as its sole and exclusive function, responsibility for the risk-management policies of the bank holding company's global operations and oversight of the operation of the bank holding company's global risk-management framework;

(iii) Report directly to the bank holding company's board of directors;

(iv) Receive and review regular reports on not less than a quarterly basis from the bank holding company's chief risk officer provided pursuant to paragraph (b)(3)(i) of this section; and

(2v) Meet at least quarterly, ~~and otherwise~~ or more frequently as needed, and fully document and maintain records of its proceedings, including risk-management decisions.

(d4) Minimum member requirements. The risk committee must:

(1i) Include at least one member having experience in identifying, assessing, and managing risk exposures of large, complex financial firms; and

(2ii) Be chaired by a director who:

(iA) Is not an officer or employee of the bank holding company and has not been an officer or employee of the bank holding company during the previous three years;

(iiB) Is not a member of the immediate family, as defined in section 225.41(b)(3) of the ~~Board's~~ Board's Regulation Y (12 CFR 225.41(b)(3)), of a person who is, or has been within the last three years, an executive officer of the bank holding company, as defined in section 215.2(e)(1) of the ~~Board's~~ Board's Regulation O (12 CFR 215.2(e)(1)); and

(iiiC)(A1) Is an independent director under Item 407 of the Securities and Exchange Commission's Commission's Regulation S-K (17 CFR 229.407(a)), if the bank holding company has an outstanding class of securities traded on an exchange registered with the U.S. Securities and Exchange Commission as a national securities exchange under section 6 of the Securities Exchange Act of 1934 (15 U.S.C. 78f) (national securities exchange); or

(B2) Would qualify as an independent director under the listing standards of a national securities exchange, as demonstrated to the satisfaction of the Board, if the bank holding company does not have an outstanding class of securities traded on a national securities exchange.

(b) Chief risk officer—(1) General. A bank holding company with total consolidated assets of \$50 billion or more must appoint a chief risk officer with experience in identifying, assessing, and managing risk exposures of large, complex financial firms.

(2) Responsibilities. (i) The chief risk officer is responsible for overseeing:

(A) The establishment of risk limits on an enterprise-wide basis and the monitoring of compliance with such limits;

(B) The implementation of and ongoing compliance with the policies and procedures set forth in paragraph (a)(2)(i) of this section and the development and implementation of the processes and systems set forth in paragraph (a)(2)(ii) of this section; and

(C) The management of risks and risk controls within the parameters of the company's risk control framework, and monitoring and testing of the company's risk controls.

(ii) The chief risk officer is responsible for reporting risk-management deficiencies and emerging risks to the risk committee and resolving risk-management deficiencies in a timely manner.

(3) Corporate governance requirements. (i) The bank holding company must ensure that the compensation and other incentives provided to the chief risk officer are consistent with providing an objective assessment of the risks taken by the bank holding company; and

(ii) The chief risk officer must report directly to both the risk committee and chief executive officer of the company.

**PART 252—ENHANCED PRUDENTIAL STANDARDS (REGULATION YY)**

**Subpart D – Enhanced Prudential Standards for Bank Holding Companies With Total Consolidated Assets of ~~\$50~~100 Billion or More**

**§252.30 Scope.**

This subpart applies to bank holding companies with total consolidated assets of ~~\$50~~100 billion or more. Total consolidated assets of a bank holding company are equal to the consolidated assets of the bank holding company, as calculated in accordance with §252.31(b).

**PART 252—ENHANCED PRUDENTIAL STANDARDS (REGULATION YY)****Subpart D – Enhanced Prudential Standards for Bank Holding Companies With Total Consolidated Assets of \$~~50~~100 Billion or More****§252.31 Applicability.**

(a) ~~General applicability~~Applicability. (1) Initial Applicability. Subject to ~~the initial applicability provisions of paragraphs (e) and (e)~~paragraph (d) of this section, a bank holding company must comply with the risk-management and risk-committee requirements set forth in §252.33 and the liquidity risk-management and liquidity stress test requirements set forth in §§252.34 and 252.35 ~~beginning on~~no later than the first day of the fifth quarter following the date on which its total consolidated assets equal or exceed \$~~50~~100 billion.

(2) Changes in requirements following a change in category. A bank holding company with total consolidated assets of \$100 billion or more that changes from one category of banking organization described in §252.5(b)-(e) to another of such categories must comply with the requirements applicable to the new category no later than on the first day of the second quarter following the change in the bank holding company's category.

(b) *Total consolidated assets.* Total consolidated assets of a bank holding company for purposes of this subpart are equal to its consolidated assets, calculated based on the average of the bank holding ~~company's~~company's total consolidated assets in the four most recent quarters as reported quarterly on the FR Y-9C. If the bank holding company has not filed the FR Y-9C for each of the four most recent consecutive quarters, total consolidated assets means the average of its total consolidated assets, as reported on the FR Y-9C, for the most recent quarter or consecutive quarters, as applicable. Total consolidated assets are measured on the as-of date of the most recent FR Y-9C used in the calculation of the average.

~~(c) Initial applicability. A bank holding company that, as of June 30, 2014, has total consolidated assets of \$50 billion or more, as calculated according to paragraph (b) of this section, must comply with the risk management and risk committee requirements set forth in §252.33 and the liquidity risk management and liquidity stress test requirements set forth in §§252.34 and 252.35, beginning on January 1, 2015.~~

~~(d)~~ (d) *Cessation of requirements.* Except as provided in paragraph (e) of this section, a bank holding company is subject to the risk-management and risk committee requirements set forth in §252.33 and the liquidity risk-management and liquidity stress test requirements set forth in §§252.34 and 252.35 until its reported total consolidated assets on the FR Y-9C are below \$~~50~~100 billion for each of four consecutive calendar quarters.

(e) *Applicability for bank holding companies that are subsidiaries of foreign banking organizations.* In the event that a bank holding company that has total consolidated assets of \$~~50~~100 billion or more is controlled by a foreign banking organization, ~~such bank holding company is subject to the risk management and risk committee requirements set forth in §252.33 and the liquidity risk management and liquidity stress test requirements set forth in §§252.34 and 252.35 beginning on January 1, 2015 and ending on June 30, 2016. Beginning on July 1, 2016,~~

the U.S. intermediate holding company established or designated by the foreign banking organization must comply with the risk-management and risk committee requirements set forth in §252.153(e)(3) and the liquidity risk-management and liquidity stress test requirements set forth in §252.153(e)(4).

**PART 252—ENHANCED PRUDENTIAL STANDARDS (REGULATION YY)**

**Subpart D – Enhanced Prudential Standards for Bank Holding Companies With Total Consolidated Assets of \$~~50~~100 Billion or More**

**§252.32 Risk-based and leverage capital and stress test requirements.**

A bank holding company with total consolidated assets of \$~~50~~100 billion or more must comply with, and hold capital commensurate with the requirements of, any regulations adopted by the Board relating to capital planning and stress tests, in accordance with the applicability provisions set forth therein.

**PART 252—ENHANCED PRUDENTIAL STANDARDS (REGULATION YY)**

**Subpart D – Enhanced Prudential Standards for Bank Holding Companies With Total Consolidated Assets of \$~~50~~100 Billion or More**

**§252.33 Risk-management and risk committee requirements.**

(a) *Risk committee*—(1) *General*. A bank holding company with total consolidated assets of \$~~50~~100 billion or more must maintain a risk committee that approves and periodically reviews the risk-management policies of the bank holding company’s global operations and oversees the operation of the bank holding company’s global risk-management framework. The risk committee’s responsibilities include liquidity risk-management as set forth in §252.34(b).

\* \* \* \* \*

(b) *Chief risk officer*—(1) *General*. A bank holding company with total consolidated assets of \$~~50~~100 billion or more must appoint a chief risk officer with experience in identifying, assessing, and managing risk exposures of large, complex financial firms.

\* \* \* \* \*



**PART 252—ENHANCED PRUDENTIAL STANDARDS (REGULATION YY)**

**Subpart D – Enhanced Prudential Standards for Bank Holding Companies With Total Consolidated Assets of \$~~50~~100 Billion or More**

**§252.34 Liquidity risk-management requirements.**

(a) *Responsibilities of the board of directors—(1) Liquidity risk tolerance.* The board of directors of a bank holding company with total consolidated assets of \$~~50~~100 billion or more must:

\* \* \* \* \*

(c) *Responsibilities of senior management—(1) Liquidity risk.* (i) Senior management of a bank holding company with total consolidated assets of \$~~50~~100 billion or more must establish and implement strategies, policies, and procedures designed to effectively manage the risk that the bank holding company’s financial condition or safety and soundness would be adversely affected by its inability or the market’s perception of its inability to meet its cash and collateral obligations (liquidity risk). The board of directors must approve the strategies, policies, and procedures pursuant to paragraph (a)(2) of this section.

\* \* \* \* \*

(d) *Independent review function.* (1) A bank holding company with total consolidated assets of \$~~50~~100 billion or more must establish and maintain a review function that is independent of management functions that execute funding to evaluate its liquidity risk management.

(2) The independent review function must:

(i) Regularly, but no less frequently than annually, review and evaluate the adequacy and effectiveness of the ~~company’s~~company’s liquidity risk management processes, including its liquidity stress test processes and assumptions;

(ii) Assess whether the ~~company’s~~company’s liquidity risk-management function complies with applicable laws, and regulations, ~~supervisory guidance,~~ and sound business practices; and

(iii) Report material liquidity risk management issues to the board of directors or the risk committee in writing for corrective action, to the extent permitted by applicable law.

(e) *Cash-flow projections.* (1) A bank holding company with total consolidated assets of \$~~50~~100 billion or more must produce comprehensive cash-flow projections that project cash flows arising from assets, liabilities, and off-balance sheet exposures over, at a minimum, short- and long-term time horizons. The bank holding company must update short-term cash-flow projections daily and must update longer-term cash-flow projections at least monthly.

\* \* \* \* \*

(f) Contingency funding plan. (1) A bank holding company with total consolidated assets of ~~\$50~~100 billion or more must establish and maintain a contingency funding plan that sets out the ~~company's~~company's strategies for addressing liquidity needs during liquidity stress events. The contingency funding plan must be commensurate with the ~~company's~~company's capital structure, risk profile, complexity, activities, size, and established liquidity risk tolerance. The company must update the contingency funding plan at least annually, and when changes to market and idiosyncratic conditions warrant.

(2) *Components of the contingency funding plan*—(i) *Quantitative assessment*. The contingency funding plan must:

(A) Identify liquidity stress events that could have a significant impact on the bank holding ~~company's~~company's liquidity;

(B) Assess the level and nature of the impact on the bank holding ~~company's~~company's liquidity that may occur during identified liquidity stress events;

(C) Identify the circumstances in which the bank holding company would implement its action plan described in paragraph (f)(2)(ii)(A) of this section, which circumstances must include failure to meet any minimum liquidity requirement imposed by the Board;

(D) Assess available funding sources and needs during the identified liquidity stress events;

(E) Identify alternative funding sources that may be used during the identified liquidity stress events; and

(F) Incorporate information generated by the liquidity stress testing required under §252.35(a) of this subpart.

\* \* \* \* \*

(g) *Liquidity risk limits*—(1) *General*. (i) A global systemically important BHC, Category II bank holding company ~~with total consolidated assets of \$50 billion or more~~, or Category III bank holding company must monitor sources of liquidity risk and establish limits on liquidity risk, including limits on:

(~~i~~A) Concentrations in sources of funding by instrument type, single counterparty, counterparty type, secured and unsecured funding, and as applicable, other forms of liquidity risk;

(~~ii~~B) The amount of liabilities that mature within various time horizons; and

(~~iii~~C) Off-balance sheet exposures and other exposures that could create funding needs during liquidity stress events.

(~~2ii~~) *Size of limits*. Each limit established pursuant to paragraph (g)(1) of this section must be consistent with the ~~company's~~company's established liquidity risk tolerance and must reflect the ~~company's~~company's capital structure, risk profile, complexity, activities, and size.

(2) Liquidity risk limits for Category IV bank holding companies. A Category IV bank holding company must monitor sources of liquidity risk and establish limits on liquidity risk that are consistent with the company's established liquidity risk tolerance and that reflect the company's capital structure, risk profile, complexity, activities, and size.

(h) *Collateral, legal entity, and intraday liquidity risk monitoring.* A bank holding company with total consolidated assets of ~~\$50~~100 billion or more must establish and maintain procedures for monitoring liquidity risk as set forth in this paragraph.

(1) *Collateral.* The bank holding company must establish and maintain policies and procedures to monitor assets that have been, or are available to be, pledged as collateral in connection with transactions to which it or its affiliates are counterparties. These policies and procedures must provide that the bank holding company:

(i) Calculates all of its collateral positions ~~on a weekly basis (or more frequently, according to the frequency specified in paragraph (h)(1)(i)(A)-(B) or~~ as directed by the Board), specifying the value of pledged assets relative to the amount of security required under the relevant contracts and the value of unencumbered assets available to be pledged;

(A) If the bank holding company is not a Category IV bank holding company, on a weekly basis; or

(B) If the bank holding company is a Category IV bank holding company, on a monthly basis;

(ii) Monitors the levels of unencumbered assets available to be pledged by legal entity, jurisdiction, and currency exposure;

(iii) Monitors shifts in the bank holding ~~company's~~company's funding patterns, such as shifts between intraday, overnight, and term pledging of collateral; and

(iv) Tracks operational and timing requirements associated with accessing collateral at its physical location (for example, the custodian or securities settlement system that holds the collateral).

(2) *Legal entities, currencies, and business lines.* The bank holding company must establish and maintain procedures for monitoring and controlling liquidity risk exposures and funding needs within and across significant legal entities, currencies, and business lines, taking into account legal and regulatory restrictions on the transfer of liquidity between legal entities.

(3) *Intraday exposures.* The bank holding company must establish and maintain procedures for monitoring intraday liquidity risk exposure. ~~These~~ that are consistent with the bank holding company's capital structure, risk profile, complexity, activities, and size. If the bank holding company is a global systemically important BHC, Category II bank holding company, or a Category III bank holding company, these procedures must address how the management of the bank holding company will:

(i) Monitor and measure expected daily gross liquidity inflows and outflows;

- (ii) Manage and transfer collateral to obtain intraday credit;
- (iii) Identify and prioritize time-specific obligations so that the bank holding company can meet these obligations as expected and settle less critical obligations as soon as possible;
- (iv) Manage the issuance of credit to customers where necessary; and
- (v) Consider the amounts of collateral and liquidity needed to meet payment systems obligations when assessing the bank holding ~~company's~~[company's](#) overall liquidity needs.

**PART 252—ENHANCED PRUDENTIAL STANDARDS (REGULATION YY)**

**Subpart D – Enhanced Prudential Standards for Bank Holding Companies With Total Consolidated Assets of \$~~50~~100 Billion or More**

**§252.35 Liquidity stress testing and buffer requirements.**

(a) *Liquidity stress testing requirement*—(1) *General*. A bank holding company with total consolidated assets of \$~~50~~100 billion or more must conduct stress tests to assess the potential impact of the liquidity stress scenarios set forth in paragraph (a)(3) on its cash flows, liquidity position, profitability, and solvency, taking into account its current liquidity condition, risks, exposures, strategies, and activities.

(i) \*\*\*

(ii) \*\*\*

(2) *Frequency*. The bank holding company must perform the liquidity stress tests required under paragraph (a)(1) ~~of this section must be performed at least monthly. The Board may require the bank holding company to perform stress testing more frequently according to the frequency specified in paragraph (a)(2)(i)-(ii) or as directed by the Board:~~

(i) If the bank holding company is not a Category IV bank holding company, at least monthly; or

(ii) If the bank holding company is a Category IV bank holding company, at least quarterly.

\* \* \* \* \*

(7) *Governance*—(i) *Policies and procedures*. A bank holding company with total consolidated assets of \$~~50~~100 billion or more must establish and maintain policies and procedures governing its liquidity stress testing practices, methodologies, and assumptions that provide for the incorporation of the results of liquidity stress tests in future stress testing and for the enhancement of stress testing practices over time.

(ii) *Controls and oversight*. A bank holding company with total consolidated assets of \$~~50~~100 billion or more must establish and maintain a system of controls and oversight that is designed to ensure that its liquidity stress testing processes are effective in meeting the requirements of this section. The controls and oversight must ensure that each liquidity stress test appropriately incorporates conservative assumptions with respect to the stress scenario in paragraph (a)(3) of this section and other elements of the stress test process, taking into consideration the bank holding ~~company's~~company's capital structure, risk profile, complexity, activities, size, business lines, legal entity or jurisdiction, and other relevant factors. The assumptions must be approved by the chief risk officer and be subject to the independent review under §252.34(d) of this subpart.

(iii) \*\*\*

(b) *Liquidity buffer requirement.* (1) A bank holding company with total consolidated assets of \$~~50~~100 billion or more must maintain a liquidity buffer that is sufficient to meet the projected net stressed cash-flow need over the 30-day planning horizon of a liquidity stress test conducted in accordance with paragraph (a) of this section under each scenario set forth in paragraph (a)(3)(i) through (iii) of this section.

\* \* \* \* \*

**PART 252—ENHANCED PRUDENTIAL STANDARDS (REGULATION YY)****Subpart E – Supervisory Stress Test Requirements for U.S. Bank Holding Companies With \$~~50~~100 Billion or More in Total Consolidated Assets and Nonbank Financial Companies Supervised by the Board****§252.41 Authority and purpose.**

(a) *Authority.* 12 U.S.C. 321-338a, 1467a(g), 1818, 1831p-1, 1844(b), 1844(c), 5361, 5365, 5366, [Sec. 401\(e\), Pub. L. No. 115-174, 132 Stat. 1296.](#)

(b) *Purpose.* This subpart implements section 165(~~i~~)(~~1~~) of the Dodd-Frank Act (12 U.S.C. 5365(~~+~~) [and section 401\(~~+~~e\)](#)) [of the Economic Growth, Regulatory Relief, and Consumer Protection Act](#), which requires the Board to conduct annual analyses of nonbank financial companies supervised by the Board and bank holding companies with \$~~50~~100 billion or more in total consolidated assets to evaluate whether such companies have the capital, on a total consolidated basis, necessary to absorb losses as a result of adverse economic conditions.

**PART 252—ENHANCED PRUDENTIAL STANDARDS (REGULATION YY)**

**Subpart E – Supervisory Stress Test Requirements for U.S. Bank Holding Companies With \$50100 Billion or More in Total Consolidated Assets and Nonbank Financial Companies Supervised by the Board**

**§252.42 Definitions.**

\* \* \* \* \*

(c) *Average total consolidated assets* means the average of the total consolidated assets as reported by a bank holding company on its Consolidated Financial Statements for ~~Bank~~-Holding Companies (FR Y-9C) for the four most recent consecutive quarters. If the bank holding company has not filed the FR Y-9C for each of the four most recent consecutive quarters, average total consolidated assets means the average of the ~~company's~~company's total consolidated assets, as reported on the ~~company's~~company's FR Y-9C, for the most recent quarter or consecutive quarters. Average total consolidated assets are measured on the as-of date of the most recent FR Y-9C used in the calculation of the average.

\* \* \* \* \*

(e) \*\*\*

(f) *Covered company means:*

(1) A bank holding company (other than a foreign banking organization) with average total consolidated assets of \$50100 billion or more;

(2) A U.S. intermediate holding company subject to this section pursuant to §252.153 of this part; and

(3) A nonbank financial company supervised by the Board.

\* \* \* \* \*

(m) *Regulatory capital ratio* means a capital ratio for which the Board has established minimum requirements for the bank holding company by regulation or order, including ~~the company's tier 1 and supplementary leverage ratios as, as applicable, the company's regulatory capital ratios~~ calculated under 12 CFR part 217, including and the deductions required under 12 CFR 248.12, ~~as applicable, and the company's common equity tier 1, tier 1, and total risk-based capital ratios as calculated under 12 CFR part 217, including the deductions required under 12 CFR 248.12 and the transition provisions at 12 CFR 217.1(f)(4) and 217.300~~; except that the company shall not use the advanced approaches to calculate its regulatory capital ratios.

\* \* \* \* \*



**PART 252—ENHANCED PRUDENTIAL STANDARDS (REGULATION YY)****Subpart E – Supervisory Stress Test Requirements for U.S. Bank Holding Companies With ~~\$50~~100 Billion or More in Total Consolidated Assets and Nonbank Financial Companies Supervised by the Board****§252.43 Applicability.**

(a) *Scope*—(1) *Applicability*. Except as provided in paragraph (b) of this section, this subpart applies to any covered company, which includes:

(i) Any bank holding company with average total consolidated assets ~~(as defined in §252.42(e))~~ of ~~\$50~~100 billion or more;

(ii) Any U.S. intermediate holding company subject to this section pursuant to §252.153 of this part; and

(iii) Any nonbank financial company supervised by the Board that is made subject to this section pursuant to a rule or order of the Board.

(2) *Ongoing applicability*. A bank holding company (including any successor company) that is subject to any requirement in this subpart shall remain subject to any such requirement unless and until its total consolidated assets fall below ~~\$50~~100 billion for each of four consecutive quarters, as reported on the FR Y-9C and effective on the as-of date of the fourth consecutive FR Y-9C.

\* \* \* \* \*

**PART 252—ENHANCED PRUDENTIAL STANDARDS (REGULATION YY)****Subpart E – Supervisory Stress Test Requirements for U.S. Bank Holding Companies With \$50100 Billion or More in Total Consolidated Assets and Nonbank Financial Companies Supervised by the Board****§252.44 Annual analysis conducted by the Board.**

(a) *In general.* (1) ~~On an annual basis, the~~ The Board will conduct an analysis of each covered ~~company's~~ company's capital, on a total consolidated basis, taking into account all relevant exposures and activities of that covered company, to evaluate the ability of the covered company to absorb losses in specified economic and financial conditions.

(2) \*\*\*

(3) In conducting the analyses, the Board will coordinate with the appropriate primary financial regulatory agencies and the Federal Insurance Office, as appropriate.

(b) *Economic and financial scenarios related to the Board's analysis.* The Board will conduct its analysis ~~under this section~~ using a minimum of three different scenarios, including a baseline scenario, adverse scenario, and severely adverse scenario. The Board will notify covered companies of the scenarios that the Board will apply to conduct the analysis for each stress test cycle to which the covered company is subject by no later than February 15 of ~~each~~ that year, except with respect to trading or any other components of the scenarios and any additional scenarios that the Board will apply to conduct the analysis, which will be communicated by no later than March 1 of that year.

(c) Frequency of Analysis Conducted by the Board.

(i) Except as provided in subparagraph (ii), the Board will conduct its analysis of a covered company on an annual basis.

(ii) The Board will conduct its analysis of a Category IV bank holding company on a biennial basis and occurring in each year ending in an even number.

\* \* \* \* \*

**PART 252—ENHANCED PRUDENTIAL STANDARDS (REGULATION YY)**

**Subpart F – Company-Run Stress Test Requirements for U.S. Bank Holding Companies  
With ~~\$50 Billion or More in Total Consolidated Assets~~ and Nonbank Financial Companies  
Supervised by the Board**

**§252.51 Authority and purpose.**

(a) *Authority.* 12 U.S.C. 321-338a, ~~1467a(g)~~, 1818, 1831p-1, 1844(b), 1844(c), 5361, 5365, 5366.

(b) *Purpose.* This subpart ~~implements section 165(i)(2) of the Dodd-Frank Act (12 U.S.C. 5365(i)(2)), which requires~~establishes the requirement for a covered company to conduct ~~annual and semi-annual~~ stress tests. This subpart also establishes definitions of stress test and related terms, methodologies for conducting stress tests, and reporting and disclosure requirements.

**PART 252—ENHANCED PRUDENTIAL STANDARDS (REGULATION YY)**

**Subpart F – Company-Run Stress Test Requirements for U.S. Bank Holding Companies With ~~\$50 Billion or More in Total Consolidated Assets~~ and Nonbank Financial Companies Supervised by the Board**

**§252.52 Definitions.**

\* \* \* \* \*

(c) *Average total consolidated assets* means the average of the total consolidated assets as reported by a bank holding company on its Consolidated Financial Statements for ~~Bank~~ Holding Companies (FR Y-9C) for the four most recent consecutive quarters. If the bank holding company has not filed the FR Y-9C for each of the four most recent consecutive quarters, average total consolidated assets means the average of the ~~company's~~company's total consolidated assets, as reported on the ~~company's~~company's FR Y-9C, for the most recent quarter or consecutive quarters. Average total consolidated assets are measured on the as-of date of the most recent FR Y-9C used in the calculation of the average.

\* \* \* \* \*

(f) *Capital action* has the same meaning as in §225.8~~(e)(2)~~ of the ~~Board's~~Board's Regulation Y (12 CFR 225.8~~(e)(2)~~).

(g) *Covered company* means:

(1) A global systemically important BHC;

~~(2) A Category II bank holding company ~~(other than a foreign banking organization) with average total consolidated assets of \$50 billion or more;~~~~

(3) A Category III bank holding company;

~~(24) A U.S. intermediate holding company subject to this section pursuant to §252.153 of this part; and~~

~~(35) A nonbank financial company supervised by the Board.~~

\* \* \* \* \*

(n) *Regulatory capital ratio* means a capital ratio for which the Board has established minimum requirements for the bank holding company by regulation or order, including ~~the company's tier 1 and supplementary leverage ratios as, as applicable, the company's regulatory capital ratios~~ calculated under 12 CFR part 217, including and the deductions required under 12 CFR 248.12, ~~as applicable, and the company's common equity tier 1, tier 1, and total risk based capital ratios as calculated under 12 CFR part 217, including the deductions required under 12 CFR 248.12 and the transition provisions at 12 CFR 217.1(f)(4) and 217.300;~~ except that the company shall not use the advanced approaches to calculate its regulatory capital ratios.

(o) *Scenarios* are those sets of conditions that affect the U.S. economy or the financial condition of a covered company that the Board, ~~or with respect to the mid-cycle stress test required under § 252.55, the covered company,~~ annually or biennially determines are appropriate for use in the company-run stress tests, including, but not limited to, baseline, adverse, and severely adverse scenarios.

\* \* \* \* \*

**PART 252—ENHANCED PRUDENTIAL STANDARDS (REGULATION YY)****Subpart F – Company-Run Stress Test Requirements for U.S. Bank Holding Companies  
With ~~\$50 Billion or More in Total Consolidated Assets~~ and Nonbank Financial Companies  
Supervised by the Board****§252.53 Applicability.**

(a) *Scope*—(1) *Applicability*. Except as provided in paragraph (b) of this section, this subpart applies to any covered company, which includes:

~~(i) Any bank holding company with average total consolidated assets (as defined in §252.42(c) of this part) of \$50 billion or more;~~

(i) A global systemically important BHC;

(ii) Any Category II bank holding company;

(iii) Any Category III bank holding company;

~~(iv)~~ Any U.S. intermediate holding company subject to this section pursuant to §252.153 of this part; and

~~(v)~~ Any nonbank financial company supervised by the Board that is made subject to this section pursuant to a rule or order of the Board.

(2) *Ongoing applicability*. A bank holding company (including any successor company) that is subject to any requirement in this subpart shall remain subject to any such requirement unless and until ~~its total consolidated assets fall below \$50 billion for each of four consecutive quarters, as reported on the FR Y-9C and effective on the as of date of the fourth consecutive FR Y-9C~~ the bank holding company

(i) Is not a global systemically important BHC;

(ii) Is not a Category II bank holding company; and

(iii) Is not a Category III bank holding company.

\* \* \* \* \*

**PART 252—ENHANCED PRUDENTIAL STANDARDS (REGULATION YY)**

**Subpart F – Company-Run Stress Test Requirements for U.S. Bank Holding Companies With ~~\$50 Billion or More in Total Consolidated Assets~~ and Nonbank Financial Companies Supervised by the Board**

**§252.54 ~~Annual stress~~ Stress test.**

(a) ~~Stress test~~—(1) ~~In general.~~ A covered company must conduct a stress test as required under this subpart.

(2) ~~Frequency.~~ (i) ~~Except as provided in paragraph (a)(2)(ii), a covered company must conduct an annual stress test. The stress test must be conducted by April 5 of each calendar year based on data as of December 31 of the preceding calendar year, unless the time or the as-of date is extended by the Board in writing.~~

(~~aii~~) ~~In general.~~ A ~~covered~~ Category III bank holding company must conduct ~~an annual~~ a biennial stress test. The stress test must be conducted by April 5 of each calendar year ending in an even number, based on data as of December 31 of the preceding calendar year, unless the time or the as-of date is extended by the Board in writing.

(b) *Scenarios provided by the Board*—(1) *In general.* \*\*\*

(2) *Additional components.* (i) The Board may require a covered company with significant trading activity, as determined by the Board and specified in the Capital Assessments and Stress Testing report (FR Y-14), to include a trading and counterparty component in its adverse and severely adverse scenarios in the stress test required by this section:

. The data used in this component must be as of a date selected by the Board between ~~(A) For the stress test cycle beginning on January 1, 2017, the data used in this component must be as of a date selected by the Board between January 1, 2017 and March 1, 2017, and the Board will communicate the as-of date and a description of the component to the company no later than March 1, 2017; and~~

~~(B) For the stress test cycle beginning on January 1, 2018, and for each stress test cycle beginning thereafter, the data used in this component must be as of a date selected by the Board between~~ October 1 of the previous calendar year and March 1 of the calendar year in which the stress test is performed pursuant to this section, and the Board will communicate the as-of date and a description of the component to the company no later than March 1 of the calendar year in which the stress test is performed pursuant to this section.

(ii) \*\*\*

\* \* \* \* \*

(4) *Notice and response*—(i) *Notification of additional component.* \*\*\*

(ii) *Request for reconsideration and Board response.* Within 14 calendar days of receipt of a notification under this paragraph, the covered company may request in writing that the

Board reconsider the requirement that the company include the additional component(s) or additional scenario(s), including an explanation as to why the [request for](#) reconsideration should be granted.

~~(iii) *Description of component.*~~ The Board will respond in writing within 14 calendar days of receipt of the ~~company's~~[company's](#) request.

(iii) *Description of component.* The Board will provide the covered company with a description of any additional component(s) or additional scenario(s) by March 1 of the calendar year in which the stress test is performed pursuant to this section.

\* \* \* \* \*



**PART 252—ENHANCED PRUDENTIAL STANDARDS (REGULATION YY)****Subpart F – Company-Run Stress Test Requirements for U.S. Bank Holding Companies  
With ~~\$50 Billion or More in Total Consolidated Assets~~ and Nonbank Financial Companies  
Supervised by the Board****§252.55 Mid-cycle stress test.**

(a) *Mid-cycle stress test requirement.* In addition to the stress test required under §252.54, a ~~covered~~[U.S. intermediate holding](#) company must conduct a mid-cycle stress test. The stress test must be conducted by September 30 of each calendar year based on data as of June 30 of that calendar year, unless the time or the as-of date is extended by the Board in writing.

(b) *Scenarios related to mid-cycle stress tests—(1) In general.* A ~~covered~~[U.S. intermediate holding](#) company must develop and employ a minimum of three scenarios, including a baseline scenario, adverse scenario, and severely adverse scenario, that are appropriate for its own risk profile and operations, in conducting the stress test required by this section.

(2) *Additional components.* The Board may require a ~~covered~~[U.S. intermediate holding](#) company to include one or more additional components in its adverse and severely adverse scenarios in the stress test required by this section based on the company's financial condition, size, complexity, risk profile, scope of operations, or activities, or risks to the U.S. economy.

(3) *Additional scenarios.* The Board may require a ~~covered~~[U.S. intermediate holding](#) company to use one or more additional scenarios in the stress test required by this section based on the company's financial condition, size, complexity, risk profile, scope of operations, or activities, or risks to the U.S. economy.

(4) *Notice and response—(i) Notification of additional component.* If the Board requires a ~~covered~~[U.S. intermediate holding](#) company to include one or more additional components in its adverse and severely adverse scenarios under paragraph (b)(2) of this section or one or more additional scenarios under paragraph (b)(3) of this section, the Board will notify the company in writing. The Board will provide such notification no later than June 30. The notification will include a general description of the additional component(s) or additional scenario(s) and the basis for requiring the company to include the additional component(s) or additional scenario(s).

(ii) *Request for reconsideration and Board response.* Within 14 calendar days of receipt of a notification under this paragraph, the ~~covered~~[U.S. intermediate holding](#) company may request in writing that the Board reconsider the requirement that the company include the additional component(s) or additional scenario(s), including an explanation as to why the reconsideration should be granted. The Board will respond in writing within 14 calendar days of receipt of the company's request.

(iii) *Description of component.* The Board will provide the ~~covered~~[U.S. intermediate holding](#) company with a description of any additional component(s) or additional scenario(s) by September 1 of the calendar year prior to the year in which the stress test is performed pursuant to this section.

**PART 252—ENHANCED PRUDENTIAL STANDARDS (REGULATION YY)**

**Subpart F – Company-Run Stress Test Requirements for U.S. Bank Holding Companies  
With ~~\$50 Billion or More in Total Consolidated Assets~~ and Nonbank Financial Companies  
Supervised by the Board**

**§252.56 Methodologies and practices.**

(a) *Potential impact on capital.* In conducting a stress test under §§252.54 and 252.55, [as applicable](#), for each quarter of the planning horizon, a covered company must estimate the following for each scenario required to be used:

- (1) \*\*\*
- (2) \*\*\*

(b) *Assumptions regarding capital actions.* In conducting a stress test under §§252.54 and 252.55, [as applicable](#), a covered company is required to make the following assumptions regarding its capital actions over the planning horizon:

- (1) \*\*\*
- (2) \*\*\*
- (i) \*\*\*
- (ii) \*\*\*
- (iii) \*\*\*
- (iv) \*\*\*

(c) *Controls and oversight of stress testing processes—(1) In general.* The senior management of a covered company must establish and maintain a system of controls, oversight, and documentation, including policies and procedures, that are designed to ensure that its stress testing processes are effective in meeting the requirements in this subpart. These policies and procedures must, at a minimum, describe the covered ~~company's~~[company's](#) stress testing practices and methodologies, and processes for validating and updating the ~~company's~~[company's](#) stress test practices and methodologies consistent with applicable laws, ~~and regulations, and supervisory guidance. Policies of covered companies. The policies of a U.S. intermediate holding company~~ must also describe processes for scenario development for the mid-cycle stress test required under §252.55.

\* \* \* \* \*

**PART 252—ENHANCED PRUDENTIAL STANDARDS (REGULATION YY)**

**Subpart F – Company-Run Stress Test Requirements for U.S. Bank Holding Companies  
~~With \$50 Billion or More in Total Consolidated Assets~~ and Nonbank Financial Companies  
Supervised by the Board**

**§252.57 Reports of stress test results.**

(a) *Reports to the Board of stress test results.* (1) A covered company must report the results of the stress test required under §252.54 to the Board in the manner and form prescribed by the Board. Such results must be submitted by April 5 of the calendar year in which the stress test is performed pursuant to §252.54, unless that time is extended by the Board in writing.

(2) A ~~covered~~[U.S. intermediate holding](#) company must report the results of the stress test required under §252.55 to the Board in ~~the~~[a](#) manner and form prescribed by the Board. Such results must be submitted by October 5 of the calendar year in which the stress test is performed pursuant to §252.55, unless that time is extended by the Board in writing.

\* \* \* \* \*

**PART 252—ENHANCED PRUDENTIAL STANDARDS (REGULATION YY)****Subpart F – Company-Run Stress Test Requirements for U.S. Bank Holding Companies  
~~With \$50 Billion or More in Total Consolidated Assets~~ and Nonbank Financial Companies  
Supervised by the Board****§252.58 Disclosure of stress test results.**

(a) *Public disclosure of results*—(1) *In general.* (i) A covered company must publicly disclose a summary of the results of the stress test required under §252.54 within the period that is 15 calendar days after the Board publicly discloses the results of its supervisory stress test of the covered company pursuant to §252.46(c) of this part, unless that time is extended by the Board in writing.

(ii) A ~~covered~~[U.S. intermediate holding](#) company must publicly disclose a summary of the results of the stress test required under §252.55. This disclosure must occur in the period beginning on October 5 and ending on November 4 of the calendar year in which the stress test is performed pursuant to §252.55, unless that time is extended by the Board in writing.

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**PART 252—ENHANCED PRUDENTIAL STANDARDS (REGULATION YY)**

**Subpart H – Single-Counterparty Credit Limits**

**§252.70 Applicability and general provisions.**

(a) *In general.* (1) This subpart establishes single counterparty credit limits for a covered company.

(2) For purposes of this subpart:

(i) *Covered company* means

~~(A) Any bank holding company (other than a foreign banking organization that is subject to subpart Q of this part, including any U.S. intermediate holding company of such foreign banking organization) with total consolidated assets that equal or exceed \$250 billion; and~~

~~(B) Any U.S. bank holding company identified as a global systemically important BHC pursuant to §217.402 of the Board’s Regulation Q (12 CFR 217.402).~~

(A) A global systemically important BHC;

(B) A Category II bank holding company;

(C) A Category III bank holding company;

(ii) *Major covered company* means any covered company that is ~~a U.S. bank holding company~~ identified as a global systemically important BHC ~~pursuant to §217.402 of the Board’s Regulation Q (12 CFR 217.402).~~

\* \* \* \* \*

(d) *Cessation of requirements.* (1) Any company that becomes a covered company will remain subject to the requirements of this subpart unless and until ~~its total consolidated assets fall below \$250 billion for each of four consecutive quarters, as reported on the covered company’s FR Y-9C, effective on the as of date of the fourth consecutive FR Y-9C.~~

(i) The covered company is not a global systemically important BHC;

(ii) The covered company is not a Category II bank holding company; and

(iii) The covered company is not a Category III bank holding company.

\* \* \* \* \*