



FEDERAL RESERVE SYSTEM

12 CFR Part 217

Docket Nos. R-1606; RIN 7100-AF 05

Regulation Q; Regulatory Capital Rules; Correction

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Final rule; correcting amendments.

SUMMARY: The Board of Governors of the Federal Reserve System (Board) published a final rule in the *Federal Register* on October 11, 2013, regarding Regulatory Capital Rules. The Board also published a final rule in the *Federal Register* on May 1, 2014, to amend the regulatory capital rules to include enhanced supplementary leverage ratio standards. This publication resolves an unintended deletion from the regulatory capital rules that was made in connection with the enhanced supplementary leverage ratio standards.

DATES: This final rule is effective [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER].

FOR FURTHER INFORMATION CONTACT: Benjamin McDonough, Assistant General Counsel, (202) 452-2036, David Alexander, Counsel, (202) 452-2877, or Mark Buresh, Senior Attorney, (202) 452-5270, Legal Division, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, N.W., Washington, D.C. 20551. For the hearing impaired, Telecommunications Device for the Deaf (TDD) users may contact (202) 263-4869.

SUPPLEMENTARY INFORMATION: The Board is correcting the unintended deletion of certain provisions of the regulatory capital rule originally published in the *Federal*

Register on October 11, 2013.¹ A subsequent rule of the Board that established enhanced supplementary leverage ratio standards was published in the *Federal Register* on May 1, 2014.² In order to implement the enhanced supplementary leverage ratio standards, the May 1, 2014, final rule included amendatory text for 12 CFR 217.11(a)(4)(i) through (iii) and instructions to the *Federal Register* to amend 12 CFR 217.11(a)(4) on the effective date of the rule, January 1, 2018. When the amendments to 12 CFR 217.11(a)(4) were implemented on January 1, 2018, paragraphs (a)(4)(i) through (iii) of 12 CFR 217.11 were amended as intended; however, paragraphs (a)(4)(iv) and (v) and Table 1 to 12 CFR 217.11 were removed from 12 CFR part 217. The removal of paragraph (a)(4)(iv) and (v) and Table 1 to 12 CFR 217.11 was contrary to the Board's intent as stated in the May 1, 2014, final rule.³ This document amends 12 CFR 217.11 to reinstate paragraphs (a)(4)(iv) and (v) and Table 1 as in effect immediately prior to January 1, 2018.

List of Subjects

12 CFR Part 217

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

For the reasons set forth in the preamble, chapter II of title 12 of the Code of Federal Regulations is amended by making the following correcting amendments:

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

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

¹ 78 FR 62018.

² 79 FR 24528.

³ See e.g., 78 FR 51101 at 51105-51107 (August 20, 2013).

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.

2. In § 217.11, add paragraph (a)(4)(iv), Table 1 to § 217.11, and paragraph (a)(4) (v) to read as follows:

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

* * * * *

(a) * * *

(4) * * *

(iv) *Prior approval.* Notwithstanding the limitations in paragraphs (a)(4)(i) through (iii) of this section, the Board may permit a Board-regulated institution to make a distribution or discretionary bonus payment upon a request of the Board-regulated institution, if the Board determines that the distribution or discretionary bonus payment would not be contrary to the purposes of this section, or to the safety and soundness of the Board-regulated institution. In making such a determination, the Board will consider the nature and extent of the request and the particular circumstances giving rise to the request.

Table 1 to §217.11: Calculation of Maximum Payout Amount

Capital conservation buffer	Maximum payout ratio (as a percentage of eligible retained income)
Greater than 2.5 percent plus 100 percent of the Board-regulated institution’s applicable countercyclical capital buffer amount and 100 percent of the Board-regulated institution’s applicable GSIB surcharge	No payout ratio limitation applies
Less than or equal to 2.5 percent plus 100 percent of the Board-regulated institution’s applicable countercyclical capital buffer amount and 100 percent of the Board-regulated institution’s applicable GSIB surcharge, <i>and</i> greater than 1.875 percent plus 75 percent of	60 percent

the Board-regulated institution's applicable countercyclical capital buffer amount and 75 percent of the Board-regulated institution's applicable GSIB surcharge	
Less than or equal to 1.875 percent plus 75 percent of the Board-regulated institution's applicable countercyclical capital buffer amount and 75 percent of the Board-regulated institution's applicable GSIB surcharge, <i>and</i> greater than 1.25 percent plus 50 percent of the Board-regulated institution's applicable countercyclical capital buffer amount and 50 percent of the Board-regulated institution's applicable GSIB surcharge	40 percent
Less than or equal to 1.25 percent plus 50 percent of the Board-regulated institution's applicable countercyclical capital buffer amount and 50 percent of the Board-regulated institution's applicable GSIB surcharge, <i>and</i> greater than 0.625 percent plus 25 percent of the Board-regulated institution's applicable countercyclical capital buffer amount and 25 percent of the Board-regulated institution's applicable GSIB surcharge	20 percent
Less than or equal to 0.625 percent plus 25 percent of the Board-regulated institution's applicable countercyclical capital buffer amount and 25 percent of the Board-regulated institution's applicable GSIB surcharge	0 percent

(v) *Other limitations on distributions.* Additional limitations on distributions may apply to a Board-regulated institution under 12 CFR 225.4, 12 CFR 225.8, and 12 CFR 263.202.

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By order of the Board of Governors of the Federal Reserve System, acting through the Secretary of the Board under delegated authority, April 16, 2018.

Ann Misback,
Secretary of the Board.

Billing Code 62110-01P

[FR Doc. 2018-08248 Filed: 4/19/2018 8:45 am; Publication Date: 4/20/2018]