Federal Reserve Releases Tailoring Proposals for Foreign Banking Organizations

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Financial Services

On April 8, 2019, the Board of Governors of the Federal Reserve System ("Board") released two proposals to tailor and modify the applicability of enhanced prudential standards for foreign banking organizations ("FBOs") and their U.S. intermediate holding companies ("IHCs"). One proposal, issued solely by the Board, focuses on the Board's enhanced prudential standards, and the other proposal, issued jointly with the Office of the Comptroller of the Currency ("OCC") and Federal Deposit Insurance Corporation ("FDIC"), focuses on interagency standards such as standardized liquidity requirements. The proposals mostly pertain to FBOs' U.S. operations as a whole, or to IHCs specifically, but the Board has also requested comment on possible approaches to regulating liquidity at FBOs' U.S. branch and agency offices.

Similar to the agencies' October 2018 proposals to tailor enhanced prudential standards for domestic bank holding companies ("BHCs"), the FBO tailoring proposals would subject FBOs and their IHCs to various enhanced prudential standards based on institution categories that are defined by size and activity thresholds, as follows:

	Domestic BHCs	FBOs	IHCs
Category I	U.S. global systemically important bank holding companies ("G-SIBs").	*No such category proposed.*	*No such category proposed.*
Category II	\$700 billion or more in assets; or \$100 billion or more in assets and \$75 billion or more in cross-jurisdictional activity; and not a Category I BHC.	\$700 billion or more in combined U.S. assets; or \$100 billion or more in combined U.S. assets and U.S. operations with \$75 billion or more in cross-jurisdictional activity.	\$700 billion or more in assets; or \$100 billion or more in assets and \$75 billion or more in cross-jurisdictional activity.

	Domestic BHCs	FBOs	IHCs
Category III	$250 billion or more in assets; or $100 billion or more in assets and $75 billion or more in nonbank assets, off-balance sheet exposure, or weighted short-term wholesale funding; and not a Category I BHC or Category II BHC.	$250 billion or more in combined U.S. assets; or $100 billion or more in combined U.S. assets and U.S. operations with $75 billion or more in nonbank assets, off-balance sheet exposure, or weighted short-term wholesale funding; and not a Category II FBO.	$250 billion or more in assets; or $100 billion or more in assets and $75 billion or more in nonbank assets, off-balance sheet exposure, or weighted short-term wholesale funding; and not a Category II IHC.
Category IV	$100 billion or more in assets and not a Category I BHC, Category II BHC, or Category III BHC.	$100 billion or more in combined U.S. assets and not a Category II FBO or Category III FBO.	$100 billion or more in assets and not a Category II IHC or Category III IHC.

For FBOs, the various asset and activity thresholds would generally be applied at the level of the FBO's combined U.S. operations. Thus, for example, the combined U.S. assets threshold would count all assets held by an FBO's U.S. branches, U.S. agencies, and U.S. subsidiaries (excluding 2(h)(2) companies). However, "total nonbank assets" would only include assets held by an FBO's nonbank U.S. subsidiaries as well as equity investments in unconsolidated subsidiaries (excluding, in both cases, 2(h)(2) companies), and thus would not include assets in branches.

The FBO tailoring proposals would define most of the key thresholds—"total nonbank assets," "off-balance sheet exposure," and "weighted short-term wholesale funding"—similarly to the domestic tailoring proposals. For FBOs and IHCs, the "cross-jurisdictional activity" threshold would exclude liabilities to non-U.S. affiliates, and would only count claims on non-U.S. affiliates that are secured by financial collateral net of such collateral (giving effect to collateral haircuts).

A comprehensive summary of the proposals and their applicability thresholds is included in the appendix to this Client Alert. The appendix compares the proposals' applicability thresholds to the current applicability thresholds for FBO and IHC enhanced prudential standards, and to the proposed applicability thresholds for domestic BHC enhanced prudential standards under the domestic tailoring proposal.

The FBO tailoring proposals include the following notable features:

- ***IHC Requirement.*** The proposals would not raise the key threshold for application of Regulation YY's IHC formation requirement, which is $50 billion in U.S. non-branch assets.
- ***LCR and NSFR Requirements.*** The proposals would apply standardized liquidity requirements to FBOs for the first time. Under the proposals, liquidity coverage ratio ("LCR") and net stable funding ratio ("NSFR") requirements would apply to the IHCs of Category II FBOs and, depending on their levels of weighted short-term wholesale funding, certain Category III and Category IV FBOs. Currently, the LCR does not apply to FBOs' U.S. operations, except for IHCs that independently meet the applicability

criteria for BHCs. Likewise, the agencies' 2016 NSFR proposal did not propose to apply the NSFR to FBOs' U.S. operations, except for IHCs that would independently meet the applicability criteria for BHCs.

- Under the proposals, a full daily LCR requirement would apply to IHCs of Category II FBOs and IHCs of any Category III FBO that has U.S. operations with $75 billion or more in weighted short-term wholesale funding. A reduced daily LCR requirement, calibrated from 70-85 percent of the full requirement, would apply to IHCs of any Category III FBO that has U.S. operations with less than $75 billion in weighted short-term wholesale funding. A reduced monthly LCR requirement, also calibrated from 70-85 percent of the full requirement, would apply to IHCs of any Category IV FBO that has U.S. operations with $50 billion or more in weighted short-term wholesale funding.
- Similarly, the full NSFR requirement would apply to IHCs of Category II FBOs and IHCs of any Category III FBO that has U.S. operations with $75 billion or more in weighted short-term wholesale funding. A reduced NSFR requirement, calibrated from 70-85 percent of the full requirement, would apply to IHCs of any Category III FBO that has U.S. operations with less than $75 billion in weighted short-term wholesale funding and IHCs of any Category IV FBO that has U.S. operations with $50 billion or more in weighted short-term wholesale funding.
- The agencies have requested comment on the appropriate calibration of the reduced LCR and NSFR requirements within the 70-85 percent range.

- ***New LCR and NSFR Threshold for Domestic BHCs.*** The proposals would apply the new $50 billion weighted short-term wholesale funding threshold to domestic BHCs. Category IV BHCs with $50 billion or more in weighted short-term wholesale funding would be subject to a reduced monthly LCR requirement and to a reduced NSFR requirement.
- ***U.S. Branch and Agency Liquidity Requirements.*** The Board has requested comment on whether it should also impose standardized liquidity requirements on the U.S. branch and agency networks of FBOs, which it would do through a separate notice of proposed rulemaking. The preamble to the current interagency proposal describes two potential approaches to such requirements.
  - The first approach would apply an LCR requirement to an FBO's U.S. branch and agency network in the aggregate, with the precise requirement to be determined by the size and risk profile of the FBO's combined U.S. operations.
  - The second approach would apply a simple liquidity requirement to an FBO's U.S. branch and agency network in the aggregate based on the total asset size of the branches and agencies. As an example of this second approach, the preamble states that a U.S. branch and agency network could be required to hold liquid assets exceeding 20 percent of the branches' and agencies' total assets, and a lesser percentage (*e.g.*, 15 percent) for assets that are held to meet other regulatory requirements such as a Capital Equivalency Deposit ("CED").
- ***Capital Requirements.*** With respect to capital, the proposals would provide a mixture of new requirements and regulatory relief, depending on the size and risk profile of an IHC.
  - The supplementary leverage ratio ("SLR") and countercyclical capital buffer ("CCyB"), which currently apply to advanced approaches IHCs (*i.e.*, those with $250

billion or more in assets or $10 billion or more in on-balance sheet foreign exposure), would apply to Category II and Category III IHCs. This may expand the class of IHCs to which the SLR and CCyB apply based on thresholds other than asset size, such as nonbank assets.

    - Advanced approaches IHCs must currently include accumulated other comprehensive income ("AOCI") in their common equity Tier 1 capital, which can result in volatility in their capital levels. Under the proposals, the option to filter out AOCI would be available to all IHCs except for Category II IHCs, which should expand the number of IHCs to which this option is available.
    - Calculation of risk-weighted assets under the advanced approaches would remain optional for IHCs.

- ***CCAR and Stress Testing.*** The proposals would raise the thresholds for applicability of the Comprehensive Capital Analysis and Review ("CCAR") process, supervisory stress tests, and company-run stress tests to IHCs.
    - Category II and Category III IHCs would be subject to CCAR on an annual basis, and Category IV IHCs would be subject to CCAR biennially.
    - Similarly, Category II and Category III IHCs would be subject to supervisory stress tests on an annual basis, and Category IV IHCs would be subject to supervisory stress tests biennially.
    - Category II IHCs would be required to conduct company-run stress tests annually, and Category III IHCs would be required to conduct them biennially. Category IV IHCs would not be required to conduct their own stress tests.
    - All Category II, III, and IV IHCs would be required to submit annual capital plans to the Board.
- ***FR Y-15 Reporting.*** The proposals would require all Category II, III, and IV FBOs to submit quarterly reports on Form FR Y-15, the Banking Organization Systemic Risk Report, separately for their IHCs, U.S. branch and agency networks, and combined U.S. operations.

The proposals raise significant policy issues that are likely to be a focus of industry comments, including the following matters:

- As shown in the appendix to this client alert, the proposals would generally adopt categorizations and thresholds for application of enhanced prudential standards that are facially equal to those that apply to domestic BHCs. This symmetry is grounded in the principle of "national treatment" for FBOs and domestic BHCs. Nevertheless, the proposals may affect FBOs and their IHCs differently than domestic BHCs. For example, some FBOs focus on the securities business in the United States rather than commercial banking. The U.S. operations of these securities-focused FBOs are likely to have a greater proportion of nonbank assets on their balance sheets than comparably-sized domestic BHCs, and thus these FBOs may be more likely to fall within a higher risk category than comparably-sized domestic BHCs.
- According to the preambles of the proposals, the agencies have proposed new liquidity requirements mainly due to FBOs' reliance on short-term wholesale funding in the United States, which can leave their U.S. operations vulnerable to destabilizing runs and require the sale of assets at "fire sale" prices, and the fact that FBOs resorted to

borrowing from the discount window and participating in the Federal Reserve's Term Auction Facility during the last financial crisis. The proposals do not, however, acknowledge the structural enhancements that FBOs have made post-crisis to facilitate the "bail-in" of their U.S. operations in the event of stress. Specifically, the single point of entry ("SPOE") resolution strategy and internal total loss-absorbing capacity ("TLAC") debt that IHCs have issued to FBO parent entities are both designed to allow an FBO's U.S. operations to remain solvent and operational, without engaging in asset fire sales, in the event such U.S. operations or the FBO on a consolidated basis experience significant stress.

- Non-U.S. jurisdictions might react to the proposals by adopting similar in-country liquidity requirements for U.S. banks operating there. Such prepositioning of liquidity (sometimes referred to as "ring-fencing") would make it more difficult for a global banking organization to mobilize and deploy liquidity resources to where they are needed most when localized stress events occur.

Comments on the proposals are due June 21, 2019.

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Appendix: Comparison of FBO Tailoring Proposals to Current Requirements for FBOs and Proposed Requirements for Domestic BHCs

	Current Applicability (FBOs)	Proposed Applicability (FBOs)	Proposed Applicability (BHCs)
IHC Formation Requirement	Any FBO with U.S. non-branch assets of $50 billion or more.	Any FBO with U.S. non-branch assets of $50 billion or more and global assets of $100 billion or more.	Not applicable.
Standardized Risk-Based Capital and Tier 1 Leverage Ratio Requirements	All IHCs required to be formed.		All BHCs.
Advanced Approaches Risk-Based Capital	Optional for all IHCs.		Any Category I or II BHC *(a U.S. G-SIB; or BHC with $700 billion or more in assets; or $100 billion or more in assets and $75 billion or more in cross-jurisdictional activity)*.
Standardized Approach to Counterparty Credit Risk (SA-CCR) (Proposed)	Optional for all IHCs.	Mandatory for any Category II IHC *($700 billion or more in assets; or $100 billion or more in U.S. assets and $75 billion or more in cross-jurisdictional activity)*. Optional for any other IHC.	Mandatory for any Category I or II BHC *(a U.S. G-SIB; or BHC with $700 billion or more in assets; or $100 billion or more in assets and $75 billion or more in cross-jurisdictional activity)*. Optional for any other BHC.
Countercyclical Capital Buffer (CCyB)	Any IHC with $250 billion or more in assets or $10 billion or more in on-balance sheet foreign exposure.	Any Category II or III IHC *($250 billion or more in assets; or $100 billion or more in assets and $75 billion or more in cross-jurisdictional activity, nonbank assets, off-balance sheet exposure, or weighted short-term wholesale funding)*.	Any Category I, II, or III BHC *(a U.S. G-SIB; or BHC with $250 billion or more in assets; or $100 billion or more in assets and $75 billion or more in cross-jurisdictional activity, nonbank assets, off-balance sheet exposure, or weighted short-term wholesale funding)*.

	Current Applicability (FBOs)	Proposed Applicability (FBOs)	Proposed Applicability (BHCs)
Supplementary Leverage Ratio (SLR)	Any IHC with $250 billion or more in assets or $10 billion or more in on-balance sheet foreign exposure.	Any Category II or III IHC *($250 billion or more in assets; or $100 billion or more in assets and $75 billion or more in cross-jurisdictional activity, nonbank assets, off-balance sheet exposure, or weighted short-term wholesale funding)*.	Any Category I, II, or III BHC *(a U.S. G-SIB; or BHC with $250 billion or more in assets; or $100 billion or more in assets and $75 billion or more in cross-jurisdictional activity, nonbank assets, off-balance sheet exposure, or weighted short-term wholesale funding)*.
Availability of Accumulated Other Comprehensive Income (AOCI) Filter	Any IHC with less than $250 billion in assets and less than $10 billion in on-balance sheet foreign exposure.	Any IHC that is not a Category II IHC *(has less than $700 billion in assets and less than $75 billion in cross-jurisdictional activity)*.	Any BHC that is not a Category I or II BHC *(not a G-SIB and has less than $700 billion in assets and less than $75 billion in cross-jurisdictional activity)*.
Comprehensive Capital Analysis and Review (CCAR)	All IHCs required to be formed.	Annual for any Category II or III IHC *($250 billion or more in assets; or $100 billion or more in assets and $75 billion or more in cross-jurisdictional activity, nonbank assets, off-balance sheet exposure, or weighted short-term wholesale funding)*. Biennial for any Category IV IHC *($100 billion or more in assets and not a Category II or III IHC)*.	Annual for any Category I, II, or III BHC *(a U.S. G-SIB; or BHC with $250 billion or more in assets; or $100 billion or more in assets and $75 billion or more in cross-jurisdictional activity, nonbank assets, off-balance sheet exposure, or weighted short-term wholesale funding)*. Biennial for any Category IV BHC *($100 billion or more in assets and not a Category I, II, or III BHC)*.
Annual Capital Plan Submission Requirement	Any IHC with $50 billion or more in assets.	Any Category II, III, or IV IHC *($100 billion or more in assets)*.	Any Category I, II, III, or IV BHC *($100 billion or more in assets)*.

	Current Applicability (FBOs)	Proposed Applicability (FBOs)	Proposed Applicability (BHCs)
Supervisory Stress Test	Any IHC with $50 billion or more in assets.	Annual for any Category II or III IHC *($250 billion or more in assets; or $100 billion or more in assets and $75 billion or more in cross-jurisdictional activity, nonbank assets, off-balance sheet exposure, or weighted short-term wholesale funding)*. Biennial for any Category IV IHC *($100 billion or more in assets and not a Category II or III IHC)*.	Annual for any Category I, II, or III BHC *(a U.S. G-SIB; or BHC with $250 billion or more in assets; or $100 billion or more in assets and $75 billion or more in cross-jurisdictional activity, nonbank assets, off-balance sheet exposure, or weighted short-term wholesale funding)*. Biennial for any Category IV BHC *($100 billion or more in assets and not a Category I, II, or III BHC)*.
Company-Run Stress Test	Any IHC with $50 billion or more in assets.	Annual for any Category II IHC *($700 billion or more in assets; or $100 billion or more in assets and $75 billion or more in cross-jurisdictional activity)*. Biennial for any Category III IHC *($250 billion or more in assets; or $100 billion or more in assets and $75 billion or more in nonbank assets, off-balance sheet exposure, or weighted short-term wholesale funding; and not a Category II IHC)*.	Annual for any Category I or II BHC *(a U.S. G-SIB; or BHC with $700 billion or more in assets; or $100 billion or more in assets and $75 billion or more in cross-jurisdictional activity)*. Biennial for any Category III BHC *($250 billion or more in assets; or $100 billion or more in assets and $75 billion or more in nonbank assets, off-balance sheet exposure, or weighted short-term wholesale funding; and not a Category I or II BHC)*.

	Current Applicability (FBOs)	Proposed Applicability (FBOs)	Proposed Applicability (BHCs)
Liquidity Coverage Ratio (LCR)	Not applicable, except for IHCs that otherwise qualify as BHCs.	Full daily LCR for any IHC of a Category II FBO *($700 billion or more in combined U.S. assets; or $100 billion or more in combined U.S. assets and U.S. operations with $75 billion or more in cross-jurisdictional activity)*; IHC of a Category III FBO *($250 billion or more in combined U.S. assets; or $100 billion or more in combined U.S. assets and U.S. operations with $75 billion or more in nonbank assets, off-balance sheet exposure, or weighted short-term wholesale funding)* that has U.S. operations with $75 billion or more in weighted short-term wholesale funding; and any covered subsidiary depository institution of such IHCs *($10 billion or more in assets)*. Reduced daily LCR for any IHC of a Category III FBO *($250 billion or more in combined U.S. assets; or $100 billion or more in assets and U.S. operations with $75 billion or more in nonbank assets or off-balance sheet exposure; and not a Category II FBO)* that has U.S. operations with less than $75 billion in weighted short-term wholesale funding; and any covered subsidiary depository institution of such IHC *($10 billion or more in assets)*. Reduced monthly LCR for any IHC of a Category IV FBO *($100 billion or more in combined U.S. assets and not a Category II or III FBO)* that has U.S. operations with $50 billion or more in weighted short-term wholesale funding.	Full daily LCR for any Category I or II BHC *(a U.S. G-SIB; or BHC with $700 billion or more in assets; or $100 billion or more in assets and $75 billion or more in cross-jurisdictional activity)*; Category III BHC *($250 billion or more in assets; or $100 billion or more in assets and $75 billion or more in nonbank assets, off-balance sheet exposure, or weighted short-term wholesale funding)* with $75 billion or more in weighted short-term wholesale funding; and any covered subsidiary depository institution of such BHCs *($10 billion or more in assets)*. Reduced daily LCR for any Category III BHC *($250 billion or more in assets; or $100 billion or more in assets and $75 billion or more in nonbank assets or off-balance sheet exposure and not a Category I or II BHC)* with less than $75 billion in weighted short-term wholesale funding; and any covered subsidiary depository institution of such BHC *($10 billion or more in assets)*. Reduced monthly LCR for any Category IV BHC *($100 billion or more in assets and not a Category I, II, or III BHC)* with $50 billion or more in weighted short-term wholesale funding.

	Current Applicability (FBOs)	Proposed Applicability (FBOs)	Proposed Applicability (BHCs)
Net Stable Funding Ratio (NSFR) (Proposed)	Not applicable, except for IHCs that otherwise qualify as BHCs.	Full NSFR for any IHC of a Category II FBO *($700 billion or more in U.S. assets; or $100 billion or more in U.S. assets and U.S. operations with $75 billion or more in cross-jurisdictional activity)*; IHC of a Category III FBO *($250 billion or more in combined U.S. assets; or $100 billion or more in combined U.S. assets and U.S. operations with $75 billion or more in nonbank assets, off-balance sheet exposure, or weighted short-term wholesale funding)* that has U.S. operations with $75 billion or more in weighted short-term wholesale funding; and any covered subsidiary depository institution of such IHCs *($10 billion or more in assets)*. Reduced NSFR for any IHC of a Category III FBO *($250 billion or more in combined U.S. assets; or $100 billion or more in combined U.S. assets and U.S. operations with $75 billion or more in nonbank assets or off-balance sheet exposure; and not a Category II or III FBO)* that has U.S. operations with less than $75 billion in weighted short-term wholesale funding; or IHC of a Category IV FBO *($100 billion or more in U.S. assets and not a Category II or III FBO)* that has U.S. operations with $50 billion or more in weighted short-term wholesale funding; and any covered subsidiary depository institution of such IHCs *($10 billion or more in assets)*.	Full NSFR for any Category I or II BHC *(a U.S. G-SIB; or BHC with $700 billion or more in assets; or $100 billion or more in assets and $75 billion or more in cross-jurisdictional activity)*; or Category III BHC *($250 billion or more in assets; or $100 billion or more in assets and $75 billion or more in nonbank assets, off-balance sheet exposure, or weighted short-term wholesale funding)* with $75 billion or more in weighted short-term wholesale funding; and any covered subsidiary depository institution of such BHCs *($10 billion or more in assets)*. Reduced NSFR for any Category III BHC *($250 billion or more in assets; or $100 billion or more in assets and $75 billion or more in nonbank assets or off-balance sheet exposure; and not a Category I or II BHC)* with less than $75 billion in weighted short-term wholesale funding; any Category IV BHC *($100 billion or more in assets and not a Category I, II, or III BHC)* with $50 billion or more in weighted short-term wholesale funding; and any covered subsidiary depository institution of such BHCs *($10 billion or more in assets)*.

	Current Applicability (FBOs)	Proposed Applicability (FBOs)	Proposed Applicability (BHCs)
Liquidity Stress Tests	Monthly prescriptive stress tests for any IHC, U.S. branch and agency network, and the combined U.S. operations of any FBO with $50 billion or more in combined U.S. assets. Annual less prescriptive stress tests for global <u>or</u> combined U.S. operations of any other FBO with $50 billion or more in global assets.	Monthly prescriptive stress tests for any IHC, U.S. branch and agency network, and the combined U.S. operations of any Category II or III FBO *($250 billion or more in combined U.S. assets; or $100 billion or more in combined U.S. assets and U.S. operations with $75 billion or more in cross-jurisdictional activity, nonbank assets, off-balance sheet exposure, or weighted short-term wholesale funding)*. Quarterly prescriptive stress tests for any IHC, U.S. branch and agency network, and the combined U.S. operations of any Category IV FBO *($100 billion or more in combined U.S. assets and not a Category II or III FBO)*. Annual less prescriptive stress tests for global <u>or</u> combined U.S. operations of any other FBO with $250 billion or more in global assets.	Monthly prescriptive stress tests for any Category I, II, or III BHC *(a U.S. G-SIB; or BHC with $250 billion or more in assets; or $100 billion or more in assets and $75 billion or more in cross-jurisdictional activity, nonbank assets, off-balance sheet exposure, or weighted short-term wholesale funding)*. Quarterly prescriptive stress tests for any Category IV BHC *($100 billion or more in assets and not a Category I, II, or III BHC)*.
Liquidity Buffer Requirements	Separate buffers for any IHC and any branch and agency network of any FBO with $50 billion or more in combined U.S. assets.	Separate buffers for any IHC and any branch and agency network of any Category II, II, or IV FBO *($100 billion or more in combined U.S. assets)*.	Single buffer for any Category I, II, III, or IV BHC *(a U.S. G-SIB; or BHC with $100 billion or more in assets)*.

	Current Applicability (FBOs)	Proposed Applicability (FBOs)	Proposed Applicability (BHCs)
Liquidity Risk Management Standards	Enhanced standards for the U.S. operations of any FBO with $50 billion or more in combined U.S. assets.	Enhanced standards for the U.S. operations of any Category II or III FBO *($250 billion or more in combined U.S. assets; or $100 billion or more in combined U.S. assets and U.S. operations with $75 billion or more in cross-jurisdictional activity, nonbank assets, off-balance sheet exposure, or weighted short-term wholesale funding)*. Tailored standards for the U.S. operations of any other Category IV FBO *($100 billion or more in combined U.S. assets and not a Category II or III FBO)*.	Enhanced standards for any Category I, II, or III BHC *(a U.S. G-SIB; or BHC with $250 billion or more in assets; or $100 billion or more in assets and $75 billion or more in cross-jurisdictional activity, nonbank assets, off-balance sheet exposure, or weighted short-term wholesale funding)*. Tailored standards for any Category IV BHC *($100 billion or more in assets and not a Category I, II, or III BHC)*.
Branch- and Agency-Specific Standardized Liquidity Requirements	None at federal level.	Comments sought on two potential approaches: an LCR-like requirement, and a simpler requirement.	Not applicable.
Single Counterparty Credit Limits (SCCL)	**<u>IHCs</u>** 15 percent of Tier 1 capital (major counterparty) and 25 percent of Tier 1 capital limits for any IHC with $500 billion or more in assets. 25 percent of Tier 1 capital limit for any other IHC with $250 billion or more in assets. 25 percent of total capital limit for any IHC with $50 billion or more, but less than $500 billion, in assets.	**<u>IHCs</u>** 25 percent of Tier 1 capital limit for any IHC of a Category II or III FBO *($250 billion or more in combined U.S. assets; or $100 billion or more in combined U.S. assets and $75 billion or more in cross-jurisdictional activity, nonbank assets, off-balance sheet exposure, or weighted short-term wholesale funding)*.	15 percent of Tier 1 capital (major counterparty) and 25 percent of Tier 1 capital limits for any Category I BHC *(a U.S. G-SIB)*. 25 percent of Tier 1 capital limit for any Category II or III BHC *($250 billion or more in assets; or $100 billion or more in assets and $75 billion or more in cross-jurisdictional activity nonbank assets, off-balance sheet exposure, or weighted short-term wholesale funding; and not a Category I BHC)*.

	Current Applicability (FBOs)	Proposed Applicability (FBOs)	Proposed Applicability (BHCs)
Single Counterparty Credit Limits (SCCL) (continued)	<u>**FBOs**</u> Unless FBO meets Basel-compliant large exposure standards on a consolidated basis: • 15 percent of worldwide Tier 1 capital (major counterparty) and 25 percent of worldwide Tier 1 capital limits for the combined U.S. operations of any FBO with G-SIB characteristics and $250 billion or more in assets. • 25 percent of worldwide Tier 1 capital limit for the combined U.S. operations of any other FBO with $250 billion or more in assets.	<u>**FBOs**</u> Unless FBO meets Basel-compliant large exposure standards on a consolidated basis: • 15 percent of worldwide Tier 1 capital (major counterparty) and 25 percent of worldwide Tier 1 capital limits for the combined U.S. operations of any Category II or III FBO *($250 billion or more in combined U.S. assets; or $100 billion or more in combined U.S. assets and U.S. operations with $75 billion or more in cross-jurisdictional activity, nonbank assets, off-balance sheet exposure, or weighted short-term wholesale funding)* with G-SIB characteristics. • 25 percent of worldwide Tier 1 capital limit for the combined U.S. operations of any other Category II or III FBO *($250 billion or more in combined U.S. assets; or $100 billion or more in combined U.S. assets and U.S. operations with $75 billion or more in cross-jurisdictional activity, nonbank assets, off-balance sheet exposure, or weighted short-term wholesale funding; and lacking G-SIB characteristics)*.	

	Current Applicability (FBOs)	Proposed Applicability (FBOs)	Proposed Applicability (BHCs)
U.S. Risk Committee Requirement	More prescriptive requirements for any FBO with $50 billion or more in combined U.S. assets. Less prescriptive requirements for any other FBO with $50 billion or more in global assets; or with $10 billion or more in global assets that is publicly traded.	More prescriptive requirements for any FBO with $50 billion or more in combined U.S. assets and $100 billion or more in global assets. Less prescriptive requirements for any other FBO with $50 billion or more in global assets.	More prescriptive requirements for any BHC with $100 billion or more in assets. Less prescriptive requirements for any other BHC with $50 billion or more in assets.
U.S. Chief Risk Officer Requirement	Any FBO with $50 billion or more in combined U.S. assets.	Any FBO with $50 billion or more in combined U.S. assets and $100 billion or more in global assets.	Any BHC with $50 billion or more in assets.

	Current Applicability (FBOs)	Proposed Applicability (FBOs)	Proposed Applicability (BHCs)
FR 2052a Reporting Requirement	Daily reporting for any FBO in Large Institution Supervision Coordinating Committee (LISCC) portfolio. Monthly reporting for any other FBO with $50 billion or more in combined U.S. assets.	Daily reporting for any Category II FBO *($700 billion or more in combined U.S. assets; or $100 billion or more in combined U.S. assets and U.S. operations with $75 billion or more in cross-jurisdictional activity)*; or Category III FBO *($250 billion or more in combined U.S. assets; or $100 billion or more in combined U.S. assets and U.S. operations with $75 billion or more in nonbank assets, off-balance sheet exposure, or weighted short-term wholesale funding)* that has U.S. operations with $75 billion or more in weighted short-term wholesale funding. Monthly reporting for any Category III FBO *($250 billion or more in combined U.S. assets; $100 billion or more in combined U.S. assets and U.S. operations with $75 billion or more in nonbank assets or off-balance sheet exposure; and not a Category II FBO)* that has U.S. operations with less than $75 billion in weighted short-term wholesale funding; or Category IV FBO *($100 billion or more in combined U.S. assets and not a Category II or III FBO)*.	Daily reporting for any Category I or II BHC *(a U.S. G-SIB; or BHC with $700 billion or more in assets; or $100 billion or more in assets and $75 billion or more in cross-jurisdictional activity)*; or Category III BHC *($250 billion or more in assets; or $100 billion or more in assets and $75 billion or more in nonbank assets, off-balance sheet exposure, or weighted short-term wholesale funding)* with $75 billion or more in weighted short-term wholesale funding. Monthly reporting for any Category III BHC *($250 billion or more in assets; or $100 billion or more in assets and $75 billion or more in nonbank assets or off-balance sheet exposure; and not a Category I or II BHC)* with less than $75 billion in weighted short-term wholesale funding; or Category IV BHC *($100 billion or more in assets and not a Category I, II, or II BHC)*.
FR Y-15 Reporting Requirement	Any IHC with $50 billion or more in assets.	Separate reporting for any IHC, U.S. branch and agency network, and the combined U.S. operations of any Category II, III, or IV FBO *($100 billion or more in combined U.S. assets)*.	Any Category I, II, III, or IV BHC *($100 billion or more in assets)*.