Press Release

FEDERAL RESERVE press release

Release Date: September 26, 2016

For release at 3:00 p.m. EDT

The Federal Reserve Board on Monday invited public comment on a proposed rule to modify its capital plan and stress testing rules for the 2017 cycle. Among other changes, the proposal would tailor the Federal Reserve's Comprehensive Capital Analysis and Review (CCAR) to remove certain large and noncomplex firms from the qualitative assessment of CCAR.

CCAR evaluates the capital planning processes and capital adequacy of bank holding companies with $50 billion or more in total consolidated assets. In the current CCAR process, the Federal Reserve conducts a qualitative assessment of the strength of each firm's capital planning process in addition to a quantitative assessment of each firm's capital adequacy based on hypothetical scenarios of severe economic and financial market stress.

The proposal would remove the qualitative assessment of CCAR for large and noncomplex firms, or bank holding companies and intermediate holding companies of foreign banking organizations with total consolidated assets between $50 billion and $250 billion, on-balance sheet foreign exposure of less than $10 billion, and total consolidated nonbank assets of less than $75 billion.

While the Federal Reserve has already published capital planning supervisory expectations that are tailored to the size and complexity of these firms, the proposal would reinforce the Federal Reserve's less stringent expectations for these less systemic firms, which are generally engaged in traditional banking activities. The proposed rule would also reduce certain reporting requirements for these firms. The firms would continue to be subject to the quantitative requirements of CCAR, as well as normal supervision by the Federal Reserve regarding their capital planning.

The proposed rule would also decrease the amount of capital any firm subject to the quantitative requirements of CCAR can distribute to shareholders outside of an approved capital plan without seeking prior approval from the Board. Currently, if a firm does not receive an objection to its capital plan, it may distribute up to 1 percent of its tier 1 capital above the distributions in its capital plan. The proposal would reduce that amount to 0.25 percent of tier 1 capital.

The proposed rule would take effect for the 2017 CCAR. Comments on the proposal are due by November 25, 2016.

For media inquiries, call 202-452-2955.

Attachment (PDF)

Board Votes