

**Statement by FDIC Chairman Jelena McWilliams  
on Notice of Proposed Rulemaking:  
Tailoring for Foreign Banking Organizations**

**April 16, 2019**

Maintaining strong capital and liquidity requirements at our nation’s largest, most systemically important banks is an important policy objective. At the same time and consistent with other recent actions taken by the FDIC, it is essential that we periodically assess our regulations to ensure they are appropriate for the risk profile and complexity of affected institutions.

In May of 2018, Congress passed the Economic Growth, Regulatory Relief, and Consumer Protection Act (the “Act”), which raised the asset threshold for the application of enhanced prudential standards under Dodd-Frank to \$250 billion, while giving the Federal Reserve Board the authority to apply enhanced standards to firms with total consolidated assets between \$100 billion and \$250 billion under certain conditions. In November 2018, the FDIC, the OCC, and the Federal Reserve Board (the “agencies”) issued a proposed rulemaking to implement this provision for large domestic banking organizations. Today, we consider a similar proposal for foreign banking organizations operating in the United States.

This proposal would implement the Act by more finely tailoring the application of regulatory capital and liquidity requirements based on a foreign banking organization's size, risk profile, and systemic footprint. The proposal shares the same underpinnings as the proposed rule issued in November 2018, using similar risk-based categories to determine the stringency of standards. However, there are some differences between the two proposals that attempt to

account for the unique nature and structure of foreign banks operating in the United States. I look forward to receiving feedback on the proposed approach.

While the proposal would more finely tailor application of the existing capital framework, all of the affected institutions would continue to be subject to robust capital requirements. With respect to liquidity, the proposal recognizes that strong liquidity buffers are critical for large foreign banking organizations. However, liquidity standards can be better tailored among the affected institutions. For example, banks in categories III and IV would be subject to liquidity requirements tailored based on each bank's reliance on short-term wholesale funding. We estimate that the cumulative expected decrease in capital among banks with total consolidated assets above \$100 billion is less than 1 percent, while liquidity requirements would, in the aggregate, modestly increase.

I am pleased to support this proposal. It represents additional progress toward tailoring the application of prudential standards within the banking industry. It is paramount for regulators to review our regulatory framework every few years to ensure that the requirements we impose on our regulated entities are appropriately tailored to institutions' risk profiles and business models.

I would like to thank the staff of the OCC and Federal Reserve who worked on this proposed rule for achieving this goal. In particular, I would like to thank the staff of the FDIC for all of their hard work.