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Opening Statement on Proposals to Modify Enhanced Prudential Standards  
for Large Banking Organizations  
by Chairman Jerome H. Powell

Good morning. I'd like to welcome our guests here at the Federal Reserve and our online viewers.

Today, we will consider proposals that would more closely tailor our prudential standards to match the overall risk profiles of the institutions that we regulate. These proposals apply the discretion granted to us by the Economic Growth, Regulatory Relief, and Consumer Protection Act. In that act, Congress charged the Board with tailoring its regulations for firms with less than \$250 billion in assets based on factors related to the risks a firm poses.

We will continue to incorporate size into our evaluations of risk, but size is only one factor. The proposals we are considering would enhance our framework by introducing additional measures of risk.

The principle of tailoring regulatory requirements to a firm's specific risks is a long-standing practice of the Board. And it works in both directions. The proposals before us would prescribe materially less stringent requirements on firms with less risk, while maintaining the most stringent requirements for firms that pose the greatest risks to the financial system and our economy. And the proposals seek to maintain a middle ground for those firms that are clearly in the middle. Congress and the American people rightly expect us to achieve an effective and efficient regulatory regime that keeps our financial system strong and protects our economy, while imposing no more burden than is necessary.

As Federal Reserve staff will soon explain in more detail, the Board is considering proposing four categories of regulatory standards based on the characteristics of the firms in each category. The effect of our proposals is a significant and tailored reduction in compliance burdens, while maintaining the gains we have made in building a safer and more resilient financial system.

I look forward to hearing the staff presentations on the proposals before us today.