

OCC Bulletin 2020-52 | May 15, 2020

Supplementary Leverage Ratio: Interim Final Rule

Summary

The Office of the Comptroller of the Currency (OCC), the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation (collectively, the agencies) today approved an interim final rule that permits depository institutions subject to the supplementary leverage ratio (SLR) to elect to temporarily exclude U.S. Treasury securities and deposits at Federal Reserve Banks from the SLR denominator. The interim final rule strengthens the ability of electing depository institutions to continue taking deposits, lending, and conducting other financial intermediation activities during this period of stress caused by the coronavirus, also known as COVID-19. The interim final rule is in effect through March 31, 2021.

To

Chief Executive Officers of All National Banks and Federal Savings Associations; Department and Division Heads; All Examining Personnel; and Other Interested Parties

Note for Community Banks

The interim final rule does not apply to community banks.¹

Highlights

- The agencies issued the interim final rule to provide depository institutions subject to the SLR the ability to temporarily exclude Treasuries and deposits at Federal Reserve Banks from total leverage exposure through March 31, 2021.
- The SLR applies to depository institution subsidiaries of U.S. global systemically important bank holding companies and depository institutions subject to Category II or Category III capital standards.
- The SLR measures a bank's tier 1 capital relative to its total leverage exposure, which includes on-balance-sheet assets

(including Treasuries and deposits at Federal Reserve Banks) and certain off-balance-sheet exposures.

- A bank that elects to opt into the temporary exclusion (electing depository institution) must notify the OCC within 30 days after the interim final rule is effective as of the date of publication in the *Federal Register*.
- Beginning in the third quarter of 2020, an electing depository institution must receive approval from the OCC before making capital distributions so long as the exclusion is in effect. The OCC expects to respond to requests within 14 days."

Further Information

Please contact Margot Schwadron, Director, or Venus Fan, Risk Expert, Capital Policy Division, at (202) 649-6370, or Carl Kaminski, Special Counsel, or Chris Rafferty, Attorney, Chief Counsel's Office, at (202) 649-5490.

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Related Link

- ["Regulatory Capital Rule: Temporary Exclusion of U.S. Treasury Securities and Deposits at Federal Reserve Banks From the Supplementary Leverage Ratio for Depository Institutions"](#) (PDF)

¹ "Banks" refers collectively to national banks and federal savings associations.