BOARD OF GOVERNORS

OF THE

FEDERAL RESERVE SYSTEM

WASHINGTON, D.C. 20551

DIVISION OF SUPERVISION
AND REGULATION

SR 20-5

March 19, 2020

TO THE OFFICER IN CHARGE OF SUPERVISION AT EACH FEDERAL RESERVE BANK

SUBJECT: Questions and Answers (Q&As) on Statement Regarding the Use of Capital and Liquidity Buffers

Applicability: These Q&As are relevant to all Federal Reserve supervised institutions, regardless of asset size.

The Federal Reserve Board and the other federal banking agencies developed the attached document to respond to public inquiries from banking organizations regarding the use of their capital and liquidity buffers, and the application of the Board's total loss-absorbing capacity rule. These Q&As were developed to provide further information on the March 17, 2020, *Joint Statement on Statement on the Use of Capital and Liquidity Buffers*.[1] As discussed in the Q&As, the agencies support banking organizations that choose to use their capital and liquidity buffers to lend and undertake other supportive actions in a safe and sound manner. The agencies expect banking organizations to continue to manage their capital actions and liquidity risk prudently.

Reserve Banks are asked to distribute this letter to the Federal Reserve-supervised institutions in their districts, as well as to their supervisory and examination staff. Questions may be sent via the Board's public website.[2]

Michael S. Gibson
Director

Attachment:

- *Q&As on Statement Regarding the Use of Capital and Liquidity Buffers*

[1] Refer to the March 17, 2020, *Joint Statement on Statement on the Use of Capital and Liquidity Buffers*, in the interagency press release at: https://www.federalreserve.gov/newsevents/pressreleases/bcreg20200317a.htm

[2] *See* http://www.federalreserve.gov/apps/contactus/feedback.aspx.