FACT SHEET | Tailoring Capital and Liquidity Rule for Domestic and Foreign Banking Organizations

The Federal Deposit Insurance Corporation (FDIC), Federal Reserve Board (FRB) and Office of the Comptroller of the Currency (OCC) have published a final rule that tailors regulatory capital and liquidity requirements for large U.S. bank holding companies, U.S. intermediate holding companies of foreign banking organizations (U.S. IHCs), and certain depository institutions.

TAILORS CAPITAL AND LIQUIDITY FOR SIZE, COMPLEXITY, AND RISK: The rule establishes four risk-based categories for determining capital and liquidity requirements:

Category	U.S. Banking Organizations	U.S. Intermediate Holding Companies
I	U.S. GSIBs and their depository institution subsidiaries	N/A
II	$700 billion or more in total consolidated assets; or $75 billion or more in cross-jurisdictional activity; do not meet the criteria for Category I	
III	$250 billion or more in total consolidated assets; or $75 billion or more in weighted short-term wholesale funding, nonbank assets, or off-balance sheet exposure; do not meet the criteria for Category I or II	
IV	$100 billion or more in total consolidated assets; do not meet the criteria for Category I, II or III	

- Requirements for Category I firms (i.e., U.S. GSIBs) are unchanged, and these institutions remain subject to the most stringent standards.

- Requirements for Category II, Category III, and Category IV firms (i.e., all other banking organizations with **greater than $100 billion in total consolidated assets**) will be based on each firm’s size, complexity, and risk profile.

- Banking organizations are categorized based on five risk-based indicators: total assets, cross-jurisdictional activity, short-term wholesale funding, nonbank assets, and off-balance sheet exposure.

MAINTAINS CAPITAL WHILE REDUCING COMPLIANCE BURDEN: All banking organizations covered by the rule would continue to be subject to robust capital requirements.

- Capital requirements for Category I and Category II firms remain unchanged.

- The cumulative impact on capital for Category III and Category IV firms is immaterial, with an estimated total decrease of less than 1%. However, the elimination of the advanced approaches framework for these firms will meaningfully reduce their compliance burden without sacrificing capital adequacy.

APPLIES LIQUIDITY REQUIREMENTS BASED ON RISK: The rule recognizes that the most stringent liquidity requirements should apply to the largest and most complex banking organizations.

- Category I and II banking organizations remain subject to the full 100% liquidity coverage ratio (LCR).

- Because of their smaller size and lower risk profiles, the liquidity requirements for Category III and IV banking organizations are tailored based on certain factors. For example, if Category III firms do not rely on short-term wholesale funding, they are subject to a reduced LCR requirement.

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