

Statement by Acting Chairman Travis Hill

Final Rule to Modify the Enhanced Supplementary Leverage Ratio

November 25, 2025

On June 27, 2025, the FDIC Board of Directors approved a proposal to modify the enhanced supplementary leverage ratio (eSLR) standards that apply to U.S. global systemically important banks (GSIBs) and their bank subsidiaries.¹ The proposal was designed to help ensure that the eSLR more frequently serves as a backstop to risk-based capital requirements rather than as a binding constraint, thus reducing potential disincentives for GSIBs and their bank subsidiaries to participate in low-risk, low-return activities.

Today, the FDIC Board is considering finalizing the proposal. The final rule would be substantially equivalent to the proposed rule with one modification: under the final rule, while the eSLR standard for the parent GSIB would remain unchanged from the proposal, the eSLR standard for the bank subsidiary would be modified to equal 50 percent of the parent company's method 1 GSIB capital surcharge, capped at one percent. Capping the eSLR standard at one percent at the bank subsidiary level would recognize that the GSIB method 1 surcharge is in part—and often meaningfully—driven by activities outside of a GSIB's bank subsidiaries and would help to ensure that the eSLR standard remains a backstop for bank subsidiaries.

While a simple leverage ratio is often well-suited for small banks (as demonstrated by the design of the community bank leverage ratio), the dynamic is different for the largest institutions, which are critical for financial market functioning and engage in significant low-risk activities that a risk-insensitive leverage ratio disincentivizes. The final rule would provide more capacity for these institutions to engage in low-risk activities, such as U.S. Treasury market intermediation and repo financing, while continuing to support prudent levels of capital. The final rule is estimated to reduce aggregate tier 1 capital at the holding company level by approximately \$13 billion, a reduction of just less than two percent.

I would like to thank FDIC staff, along with the Federal Reserve and OCC staff, for their work on this final rule.

¹ See Office of the Comptroller of the Currency, Federal Reserve System, Federal Deposit Insurance Corporation, [Proposed Rule: Modifications to the Enhanced Supplementary Leverage Ratio Standards of U.S. Global Systemically Important Bank Holding Companies and Their Subsidiary Depository Institutions; Total Loss-Absorbing Capacity and Long-Term Debt Requirements for U.S. Global Systemically Important Bank Holding Companies](#), 90 Fed. Reg. 30780 (July 10, 2025).