

DEPARTMENT OF TREASURY

Office of the Comptroller of the Currency

12 CFR Part 3

Docket ID OCC-2017-0012

RIN 1557-AE 23

FEDERAL RESERVE SYSTEM

12 CFR Part 217

Regulation Q

Docket No. R-1571; RIN 7100-AE 83

FEDERAL DEPOSIT INSURANCE CORPORATION

12 CFR Part 324

RIN 3064-AE 63

Regulatory Capital Rules: Retention of Certain Existing Transition Provisions for Banking Organizations That Are Not Subject to the Advanced Approaches Capital Rules

AGENCIES: Office of the Comptroller of the Currency, Treasury; the Board of Governors of the Federal Reserve System; and the Federal Deposit Insurance Corporation.

ACTION: Notice of proposed rulemaking.

SUMMARY: The Office of the Comptroller of the Currency (OCC), the Board of Governors of the Federal Reserve System (Board), and the Federal Deposit Insurance Corporation (FDIC) (collectively, the agencies) are inviting public comment on a notice of proposed rulemaking (NPR) that would extend the current treatment under the regulatory capital rules (capital rules)

for certain regulatory capital deductions and risk weights and certain minority interest requirements, as they apply to banking organizations that are not subject to the advanced approaches capital rules (non-advanced approaches banking organizations). Specifically, for non-advanced approaches banking organizations, the agencies propose to extend the current regulatory capital treatment of: (i) mortgage servicing assets; (ii) deferred tax assets arising from temporary differences that could not be realized through net operating loss carrybacks; (iii) significant investments in the capital of unconsolidated financial institutions in the form of common stock; (iv) non-significant investments in the capital of unconsolidated financial institutions; (v) significant investments in the capital of unconsolidated financial institutions that are not in the form of common stock; and (vi) common equity tier 1 minority interest, tier 1 minority interest, and total capital minority interest exceeding the capital rules' minority interest limitations. The agencies expect in the near term to issue a separate NPR seeking public comment on a proposal to simplify the regulatory capital treatment of these items. Providing the proposed extension to non-advanced approaches banking organizations for these items would avoid potential burden on banking organizations that may be subject in the near future to a different regulatory capital treatment for these items.

DATES: Comments must be received by [INSERT DATE [30] DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

ADDRESSES: Comments should be directed to:

OCC: Because paper mail in the Washington, DC area and at the OCC is subject to delay, commenters are encouraged to submit comments through the Federal eRulemaking Portal or e-mail, if possible. Please use the title “**Retaining existing transition provisions for certain**

elements of the regulatory capital rules” to facilitate the organization and distribution of the comments. You may submit comments by any of the following methods:

- **Federal eRulemaking Portal—“Regulations.gov”:** Go to *www.regulations.gov*. Enter “Docket ID OCC-2017-0012” in the Search Box and click “Search.” Click on “Comment Now” to submit public comments.

- Click on the “Help” tab on the Regulations.gov home page to get information on using Regulations.gov, including instructions for submitting public comments.

- **E-mail:** *regs.comments@occ.treas.gov*.

- **Mail:** Legislative and Regulatory Activities Division, Office of the Comptroller of the Currency, 400 7th Street, SW., suite 3E-218, mail stop 9W-11, Washington, DC 20219.

- **Hand Delivery/Courier:** 400 7th Street, SW., suite 3E-218, mail stop 9W-11, Washington, DC 20219.

- **Fax:** (571) 465-4326.

Instructions: You must include “OCC” as the agency name and “Docket ID OCC-2017-0012” in your comment. In general, OCC will enter all comments received into the docket and publish them on the Regulations.gov website without change, including any business or personal information that you provide such as name and address information, e-mail addresses, or phone numbers. Comments received, including attachments and other supporting materials, are part of the public record and subject to public disclosure. Do not include any information in your comment or supporting materials that you consider confidential or inappropriate for public disclosure.

You may review comments and other related materials that pertain to this rulemaking action by any of the following methods:

- **Viewing Comments Electronically:** Go to *www.regulations.gov*. Enter “Docket ID OCC-2017-0012” in the Search box and click “Search.” Click on “Open Docket Folder” on the right side of the screen and then “Comments.” Comments can be filtered by clicking on “View All” and then using the filtering tools on the left side of the screen.

- Click on the “Help” tab on the Regulations.gov home page to get information on using Regulations.gov. Supporting materials may be viewed by clicking on “Open Docket Folder” and then clicking on “Supporting Documents.” The docket may be viewed after the close of the comment period in the same manner as during the comment period.

- **Viewing Comments Personally:** You may personally inspect and photocopy comments at the OCC, 400 7th Street, SW., Washington, DC 20219. For security reasons, the OCC requires that visitors make an appointment to inspect comments. You may do so by calling (202) 649-6700 or, for persons who are deaf or hard of hearing, TTY, (202) 649-5597. Upon arrival, visitors will be required to present valid government-issued photo identification and submit to security screening in order to inspect and photocopy comments.

Board: You may submit comments, identified by Docket No. R-1571 and RIN 7100 AE 83, by any of the following methods:

- **Agency Web Site:** <http://www.federalreserve.gov>. Follow the instructions for submitting comments at <http://www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm>.

- **Federal eRulemaking Portal:** <http://www.regulations.gov>. Follow the instructions for submitting comments.

- **E-mail:** regs.comments@federalreserve.gov. Include docket number and RIN in the subject line of the message.

- **FAX:** (202) 452-3819 or (202) 452-3102.

• **Mail:** Ann E. Misback, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue NW., Washington, DC 20551. All public comments are available from the Board's Web site at <http://www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm> as submitted, unless modified for technical reasons. Accordingly, comments will not be edited to remove any identifying or contact information. Public comments may also be viewed electronically or in paper form in Room 3515, 1801 K Street NW. (between 18th and 19th Streets NW.), Washington, DC 20006 between 9:00 a.m. and 5:00 p.m. on weekdays.

FDIC: You may submit comments, identified by RIN 3064-AE 63 by any of the following methods:

- **Agency Web Site:** <http://www.FDIC.gov/regulations/laws/federal/propose.html>.

Follow instructions for submitting comments on the Agency website.

• **Mail:** Robert E. Feldman, Executive Secretary, Attention: Comments/Legal ESS, Federal Deposit Insurance Corporation, 550 17th Street, NW., Washington, DC 20429.

• **Hand Delivered/Courier:** Comments may be hand-delivered to the guard station at the rear of the 550 17th Street Building (located on F Street) on business days between 7:00 a.m. and 5:00 p.m.

• **E-mail:** comments@FDIC.gov. Include the RIN 3064-AE 63 on the subject line of the message.

• **Public Inspection:** All comments received must include the agency name and RIN 3064-AE 63 for this rulemaking. All comments received will be posted without change to <http://www.fdic.gov/regulations/laws/federal/>, including any personal information provided.

Paper copies of public comments may be ordered from the FDIC Public Information Center, 3501 North Fairfax Drive, Room E-1002, Arlington, VA 22226 by telephone at (877) 275-3342 or (703) 562-2200.

FOR FURTHER INFORMATION CONTACT:

OCC: Mark Ginsberg, Senior Risk Expert (202) 649-6983; or Benjamin Pegg, Risk Expert (202) 649-7146, Capital and Regulatory Policy; or Carl Kaminski, Special Counsel (202) 649-5869; or Rima Kundnani, Attorney (202) 649-5545, Legislative and Regulatory Activities Division, (202) 649-5490, for persons who are deaf or hard of hearing, TTY, (202) 649-5597, Office of the Comptroller of the Currency, 400 7th Street, SW., Washington, DC 20219.

Board: Constance M. Horsley, Deputy Associate Director, (202) 452-5239; Juan Climent, Manager, (202) 872-7526; Elizabeth MacDonald, Manager, (202) 475-6316; Andrew Willis, Supervisory Financial Analyst, (202) 912-4323; Sean Healey, Supervisory Financial Analyst, (202) 912-4611 or Matthew McQueeney, Senior Financial Analyst, (202) 425-2942, Division of Supervision and Regulation; or Benjamin McDonough, Assistant General Counsel, (202) 452-2036; David W. Alexander, Counsel (202) 452-2877, or Mark Buresh, Senior Attorney (202) 452-5270, Legal Division, Board of Governors of the Federal Reserve System, 20th and C Streets, NW., Washington, DC 20551. For the hearing impaired only, Telecommunication Device for the Deaf (TDD), (202) 263-4869.

FDIC: Benedetto Bosco, Chief, Capital Policy Section, bbosco@fdic.gov; Michael Maloney, Capital Markets Senior Policy Analyst, mmaloney@fdic.gov, Capital Markets Branch, Division of Risk Management Supervision, (202) 898-6888; or Michael Phillips, Counsel, mphillips@fdic.gov; Catherine Wood, Counsel, cawood@fdic.gov; Rachel Ackmann, Counsel, rackmann@fdic.gov; Supervision Branch, Legal Division, Federal Deposit Insurance Corporation, 550 17th Street, NW., Washington, DC 20429.

SUPPLEMENTARY INFORMATION:

I. Background

In 2013, the Office of the Comptroller of the Currency (OCC), the Board of Governors of the Federal Reserve System (Board), and the Federal Deposit Insurance Corporation (FDIC) (collectively, the agencies) adopted rules that strengthened the capital requirements applicable to banking organizations supervised by the agencies (capital rules).¹ The capital rules include limits on the amount of capital that would count toward these regulatory requirements in cases where the capital is issued by a consolidated subsidiary of a banking organization and not owned by the banking organization (minority interest).² Because capital issued at the subsidiary level is not always available to absorb losses at the consolidated level, these limits prevent highly-capitalized subsidiaries from overstating the amount of capital available to absorb losses at the consolidated level.³ With the goal of strengthening the resiliency of banking organizations, the capital rules also require that amounts of mortgage servicing assets (MSAs), deferred tax assets arising from temporary differences that could not be realized through net operating loss carrybacks (temporary difference DTAs), and certain investments in the capital of

¹ Banking organizations covered by the agencies' capital rules include national banks, state member banks, state nonmember banks, savings associations, and top-tier bank holding companies and savings and loan holding companies domiciled in the United States not subject to the Board's Small Bank Holding Company Policy Statement (12 CFR part 225, appendix C), but excluding certain savings and loan holding companies that are substantially engaged in insurance underwriting or commercial activities or that are estate trusts, or bank holding companies and savings and loan holding companies that are employee stock ownership plans. The Board and the OCC issued a joint final rule on October 11, 2013 (78 FR 62018) and the FDIC issued a substantially identical interim final rule on September 10, 2013 (78 FR 55340). In April 2014, the FDIC adopted the interim final rule as a final rule with no substantive changes. 79 FR 20754 (April 14, 2014).

² See 12 CFR 217.21 (Board); 12 CFR 3.21 (OCC); 12 CFR 324.21 (FDIC).

³ 12 CFR 217.21 (Board); 12 CFR 3.21 (OCC); 12 CFR 324.21 (FDIC).

unconsolidated financial institutions above certain thresholds be deducted from a banking organization's regulatory capital.⁴

The capital rules contain transition provisions that phase in certain requirements over several years in order to give banking organizations sufficient time to adjust and adapt to such requirements.⁵ The minority interest limitations in the capital rules will become fully effective on January 1, 2018. The deduction treatments for investments in the capital of unconsolidated financial institutions, MSAs, and temporary difference DTAs are subject to transition provisions until December 31, 2017.⁶ Also starting on January 1, 2018, the risk weight for MSAs, temporary difference DTAs, and significant investments in the capital of unconsolidated financial institutions in the form of common stock that are not deducted from regulatory capital will increase from 100 percent to 250 percent.

II. Retaining Certain 2017 Transition Provisions

Since the issuance of the capital rules in 2013, banking organizations and other members of the public have raised concerns regarding the regulatory burden, complexity, and costs associated with certain aspects of the capital rules, particularly for community banking organizations. As explained in the Federal Financial Institutions Examination Council's March 2017 Joint Report to Congress on the Economic Growth and Regulatory Paperwork Reduction Act (EGRPRA report), the agencies are developing a proposal to simplify certain aspects of the capital rules with the goal of meaningfully reducing regulatory burden on community banking

⁴ See 12 CFR 217.22(c)(4); (c)(5), and (d)(1) (Board); 12 CFR 3.22(c)(4), (c)(5), and (d)(1) (OCC); 12 CFR 324.22(c)(4); (c)(5) and (d)(1) (FDIC). Banking organizations are permitted to net associated deferred tax liabilities against assets subject to deduction.

⁵ 12 CFR 217.300 (Board); 12 CFR 3.300 (OCC); 12 CFR 324.300 (FDIC).

⁶ 12 CFR 217.300(b)(4) and .300(d) (Board); 12 CFR 3.300(b)(4) and .300(d) (OCC); 12 CFR 324.300(b)(4) and 12 CFR 324.300(d)(FDIC).

organizations while at the same time maintaining safety and soundness and the quality and quantity of regulatory capital in the banking system (simplifications NPR).⁷

Consistent with that goal and in anticipation of the simplifications NPR, the agencies propose to extend certain transition provisions currently in the capital rules for banking organizations that are not advanced approaches banking organizations (non-advanced approaches banking organizations) while the simplifications NPR is pending. This extension proposal is referred to as the transitions NPR. As such, for non-advanced approaches banking organizations the transition provisions for certain items would not be fully phased in. The agencies will review the transition provisions again in connection with the simplifications NPR.

The agencies believe the stringency and complexity of the current capital rules' treatment for items affected by the transitions NPR remains appropriate for banking organizations that are subject to the advanced approaches (typically those with consolidated assets greater than or equal to \$250 billion, or total consolidated on-balance sheet foreign exposures of at least \$10 billion), given the business models and risk profiles of such banking organizations. The agencies believe that the current treatment for these items strikes an appropriate balance between complexity and risk sensitivity for the largest and most complex banking organizations. Therefore, the transitions NPR would not apply to advanced approaches banking organizations.

The agencies propose to extend the transitions period, as it applies to non-advanced approaches banking organizations, for changes to section 300 of the capital rules otherwise due to become effective on January 1, 2018, applicable to the risk weight and deduction treatment for MSAs, temporary difference DTAs, significant investments in the capital of unconsolidated

⁷ The EGRPRA report stated that such amendments likely would include: (a) simplifying the current regulatory capital treatment for MSAs, timing difference DTAs, and holdings of regulatory capital instruments issued by financial institutions; and (b) simplifying the current limitations on minority interest in regulatory capital. *See* 82 FR 15900 (March 30, 2017).

financial institutions in the form of common stock, non-significant investments in the capital of unconsolidated financial institutions, and significant investments in the capital of unconsolidated financial institutions that are not in the form of common stock. The agencies would expect to propose modifications in these areas as part of the simplifications NPR.

Under the transitions NPR, until the simplifications NPR is completed or the agencies otherwise determine, in accordance with Table 7 of section 300 of the capital rules, non-advanced approaches banking organizations would continue to:

- Deduct from regulatory capital 80 percent of the amount of any of these five items that is not includable in regulatory capital;
- Apply a 100 percent risk weight to any amounts of MSAs, temporary difference DTAs, and significant investments in the capital of unconsolidated financial institutions in the form of common stock that are not deducted from capital, and continue to apply the current risk weights under the capital rules to amounts of non-significant investments in the capital of unconsolidated financial institutions and significant investments in the capital of unconsolidated financial institutions not in the form of common stock that are not deducted from capital; and
- Include 20 percent of any common equity tier 1 minority interest, tier 1 minority interest, and total capital minority interest exceeding the capital rule's minority interest limitations (surplus minority interest) in regulatory capital.

For example, under the transitions NPR, a non-advanced approaches banking organization with an amount of MSAs above the 10 percent common equity tier 1 capital deduction threshold in the capital rules would deduct from common equity tier 1 capital only 80 percent of the amount of MSAs above this threshold, and would apply a 100 percent risk weight

to the MSAs that are not deducted from common equity tier 1 capital, including the MSAs that otherwise would have been deducted but for the transition provisions. Similarly, for purposes of the capital rules' 15 percent common equity tier 1 capital deduction threshold (the aggregate 15 percent threshold) that applies collectively across MSAs, temporary difference DTAs, and significant investments in the capital of unconsolidated financial institutions in the form of common stock, under the transitions NPR, a non-advanced approaches banking organization would deduct from common equity tier 1 capital 80 percent of the amount of these items that exceed the aggregate 15 percent threshold.

Because the transitions NPR would not apply to advanced approaches banking organizations, such firms would be required to continue to apply the existing transition provisions in the capital rules. Specifically, advanced approaches banking organizations would be required to apply, starting on January 1, 2018, the capital rules' fully phased-in regulatory capital treatment for MSAs, temporary difference DTAs, significant investments in the capital of unconsolidated financial institutions in the form of common stock, non-significant investments in the capital of unconsolidated financial institutions, significant investments in the capital of unconsolidated financial institutions that are not in the form of common stock, and surplus minority interest.

III. Amendments to Reporting Forms

The agencies are proposing to clarify the reporting instructions for the Consolidated Reports of Condition and Income (Call Report) (FFIEC 031, FFIEC 041, and FFIEC 051; OMB Control Nos. 1557-0081, 7100-0036, 3604-0052), the OCC is proposing to clarify the instructions for OCC DFAST 14A (OMB Control No. 1557-0319), the FDIC is proposing to clarify the instructions for FDIC DFAST 14A (OMB Control No. 3064-0189), and the Board is

proposing to clarify the instructions for the FR Y-9C (OMB Control No. 7100-0128), and the FR Y-14A and FR Y-14Q (OMB Control No. 7100-0341) to reflect the changes to the capital rules that would be required under this proposal.

IV. Request for Comments

At this time, the agencies are seeking comment more narrowly on changes proposed in this transitions NPR. As noted previously, the agencies plan to issue a simplifications NPR to simplify certain aspects of the capital rules with the goal of meaningfully reducing regulatory burden on community banking organizations as explained in the EGRPRA report. That simplifications NPR would be published in the Federal Register for public notice and comment at a later date.

Question 1. What, if any, operational or administrative challenges would the proposed changes in this transitions NPR pose to banking organizations? What, if any, alternatives should the agencies consider to address such challenges?

Question 2. What, if any, modifications should the agencies consider making to the scope of application of this proposal?

V. Regulatory Analyses

A. Paperwork Reduction Act

In accordance with the requirements of the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3521) (PRA), the agencies may not conduct or sponsor, and a respondent is not required to respond to, an information collection unless it displays a currently valid Office of Management and Budget (OMB) control number. The agencies reviewed the proposed rule and determined that it does not create any new or revise any existing collection of information under section 3504(h) of title 44. However, the agencies would clarify the reporting instructions for the Call

Report. The OCC and FDIC would clarify the instructions for DFAST 14A, and the Board would clarify the instructions for the FR Y-9C, the FR Y-14A, and the FR Y-14Q to reflect the changes to the capital rules that would be required under this proposal. The draft redlined Call Report instructions would be available at https://www.ffiec.gov/ffiec_report_forms.htm, the draft redlined OCC DFAST 14A instructions would be available at <https://www.occ.gov/tools-forms/forms/bank-operations/stress-test-reporting.html>, the draft redlined FDIC DFAST 14A instructions would be available at <https://www.fdic.gov/regulations/reform/dfast/>, and the draft redlined FR Y-9C, FR Y-14A, and FR Y-14Q instructions would be available at <https://www.federalreserve.gov/apps/reportforms/review.aspx>.

B. Regulatory Flexibility Act Analysis

OCC: The Regulatory Flexibility Act, 5 U.S.C. 601 *et seq.*, (RFA), requires an agency, in connection with a final rule, to prepare a Final Regulatory Flexibility Analysis describing the impact of the rule on small entities (defined by the Small Business Administration (SBA) for purposes of the RFA to include banking entities with total assets of \$550 million or less) or to certify that the rule will not have a significant economic impact on a substantial number of small entities.

As of March 31, 2017, the OCC supervised 928 small entities.⁸ The rule applies to all OCC-supervised entities that are not subject to the advanced approaches risk-based capital rules, and thus potentially affects a substantial number of small entities. The OCC has determined that 135 such entities engage in affected activities to an extent that they would be impacted directly

⁸ The OCC calculated the number of small entities using the SBA's size thresholds for commercial banks and savings institutions, and trust companies, which are \$550 million and \$38.5 million, respectively. Consistent with the General Principles of Affiliation, 13 CFR 121.103(a), the OCC counted the assets of affiliated financial institutions when determining whether to classify a national bank or Federal savings association as a small entity.

by the proposed rule. However, the proposed rule would provide a small economic benefit to those entities. Thus, the OCC has determined that rule would not have a significant impact on any OCC-supervised small entities.

Therefore, the OCC certifies that the proposed rule will not have a significant economic impact on a substantial number of OCC-supervised small entities.

Board: The Board is providing an initial regulatory flexibility analysis with respect to this proposed rule. As discussed in the Supplemental Information, the proposal would revise the transition provisions in the regulatory capital rules to extend the treatment effective for calendar year 2017 for several regulatory capital adjustments and deductions that are subject to multi-year phase-in schedules. Through the simplifications NPR, the agencies intend in the near term to seek public comment on a proposal to simplify certain items of the regulatory capital rules and, thus, the agencies believe it is appropriate to extend the transition provisions currently in effect for these items while the simplifications NPR is pending. The Regulatory Flexibility Act, 5 U.S.C. 601 *et seq.* (RFA), generally requires that an agency prepare and make available an initial regulatory flexibility analysis in connection with a notice of proposed rulemaking. Under regulations issued by the Small Business Administration, a small entity includes a bank, bank holding company, or savings and loan holding company with assets of \$550 million or less (small banking organization).⁹ As of March 31, 2017, there were approximately 3,546 small bank holding companies, 234 small savings and loan holding companies, and 584 small state member banks.

The proposed rule would apply to all state member banks, as well as all bank holding companies and savings and loan holding companies that are subject to the Board's regulatory

⁹ See 13 CFR 121.201. Effective July 14, 2014, the Small Business Administration revised the size standards for banking organizations to \$550 million in assets from \$500 million in assets. 79 FR 33647 (June 12, 2014).

capital rule, but excluding state member banks, bank holding companies, and savings and loan holding companies that are subject to the advanced approaches in the capital rules. In general, the Board's capital rules only apply to bank holding companies and savings and loan holding companies that are not subject to the Board's Small Bank Holding Company Policy Statement, which applies to bank holding companies and savings and loan holding companies with less than \$1 billion in total assets that also meet certain additional criteria.¹⁰ Thus, most bank holding companies and savings and loan holding companies that would be subject to the proposed rule exceed the \$550 million asset threshold at which a banking organization would qualify as a small banking organization.

Given the proposed rule does not impact the recordkeeping and reporting requirements that affected small banking organizations are currently subject to, there would be no change to the information that small banking organizations must track and report. The proposal would merely retain the transition provisions in effect for calendar year 2017 for the items that would be affected by the simplifications NPR until the simplifications NPR is finalized or the agencies determine otherwise.

The proposal would permit affected small banking organizations, beginning in 2018 and thereafter, to deduct less investments in the capital of unconsolidated financial institutions, MSAs, and temporary difference DTAs from common equity tier 1 capital than would otherwise be required under the current transition provisions. The proposal would also allow small banking organizations to continue using a 100 percent risk weight for non-deducted MSAs, temporary difference DTAs and significant investments in the capital of unconsolidated financial institutions rather than the 250 percent risk weight for these items which is scheduled to take

¹⁰ See 12 CFR 217.1(c)(1)(ii)-(iii); 12 CFR part 225, Appendix C; 12 CFR 238.9.

effect beginning January 1, 2018. Thus, for small banking organizations that have significant amounts of MSAs or temporary difference DTAs, the proposal could have a temporary positive impact in their capital ratios during 2018 and thereafter.

The impact from increasing the deduction of investments in the capital of unconsolidated financial institutions, MSAs, and temporary difference DTAs from 80 percent of the amounts to be deducted under the capital rules in 2017 to 100 percent in 2018 is estimated to decrease common equity tier 1 capital by 0.01 percent on average across all covered small bank holding companies, savings and loan holding companies, and state member banks. Similarly, the impact from increasing from 80 percent in 2017 to 100 percent in 2018 the exclusion of surplus minority interest is estimated to decrease total regulatory capital by 0.04 percent across the same set of institutions. Based on March 31, 2017 data for the same set of institutions, increasing the risk-weight for non-deducted MSAs and temporary difference DTAs to 250 percent from 100 percent would result in an increase in risk-weighted assets of 0.64 percent. Therefore, retaining the transition provisions for the regulatory capital treatment of MSAs, temporary difference DTAs, investments in the capital of unconsolidated financial institutions, and minority interests, would have a marginally positive impact on the regulatory capital ratios of small banking organizations.

The Board does not believe that the proposed rule duplicates, overlaps, or conflicts with any other Federal rules. In addition, the primary alternative to the proposed rule would be to retain the transition provisions as currently written in the capital rules, which would mean that the transitions would become fully phased-in starting on January 1, 2018. As discussed, this would result in marginally lower regulatory capital ratios than if the proposal were finalized. In light of the foregoing, the Board does not believe that the proposed rule, if adopted in final form, would have a significant economic impact on a substantial number of small entities.

Nonetheless, the Board seeks comment on whether the proposed rule would impose undue burdens on, or have unintended consequences for, small organizations, and whether there are ways such potential burdens or consequences could be minimized in a manner consistent with the purpose of the proposed rule. A final regulatory flexibility analysis will be conducted after consideration of comments received during the public comment period.

FDIC: The Regulatory Flexibility Act (RFA) generally requires that, in connection with a notice of proposed rulemaking, an agency prepare and make available for public comment an initial regulatory flexibility analysis describing the impact of the proposed rule on small entities. A regulatory flexibility analysis is not required, however, if the agency certifies that the rule will not have a significant economic impact on a substantial number of small entities. The Small Business Administration has defined “small entities” to include banking organizations with total assets less than or equal to \$550 million. As of March 31, 2017, the FDIC supervises 3,750 banking institutions, 3,028 of which qualify as small entities according to the terms of the RFA.

The proposed rule would extend the current regulatory capital treatment of: (i) mortgage servicing assets (MSAs); (ii) deferred tax assets (DTAS) arising from temporary differences that could not be realized through net operating loss carrybacks; (iii) significant investments in the capital of unconsolidated financial institutions in the form of common stock; (iv) non-significant investments in the capital of unconsolidated financial institutions; (v) significant investments in the capital of unconsolidated financial institutions that are not in the form of common stock; and (vi) common equity tier 1 minority interest, tier 1 minority interest, and total capital minority interest exceeding the capital rules’ minority interest limitations. The transitions NPR would likely pose small economic benefits for small FDIC-supervised institutions by preventing any

increase in risk-based capital requirements due to the completion of the transition provisions for the above items.

According to Call Report data (as of March 31, 2017), 431 FDIC-supervised small banking entities reported holding some volume of the above asset classes. Additionally, as of March 31, 2017, the risk-based capital deduction related to these assets under the capital rules has been incurred by only 53 FDIC-supervised small banking entities.

The impact from increasing the deduction of investments in the capital of unconsolidated financial institutions, MSAs, and temporary difference DTAs from 80 percent of the amounts to be deducted under the capital rules (12 CFR 324.300) in 2017 to 100 percent in 2018 would decrease common equity tier 1 capital by 0.02 percent on average across all covered small FDIC-supervised banking institutions. Similarly, the impact from increasing from 80 percent in 2017 to 100 percent under the capital rules (12 CFR 324.300) in 2018 the exclusion of surplus minority interest would decrease total regulatory capital by 0.01 percent across the same set of institutions. Based on March 31, 2017 data for the same set of institutions, increasing the risk-weight for non-deducted MSAs and temporary difference DTAs to 250 percent from 100 percent would result in an increase in risk-weighted assets of 0.37 percent. Therefore, retaining the transition provisions for the regulatory capital treatment of MSAs, temporary difference DTAs, investments in the capital of unconsolidated financial institutions, and minority interests, would have a marginally positive impact on the regulatory capital ratios of substantially all small FDIC-supervised banking institutions.

FDIC analysis has identified that absent the transitions NPR, 23 small FDIC-supervised banking institutions would have a decrease of 1 percent or more in common equity tier 1 capital, tier 1 capital and or total capital. Furthermore, 33 small FDIC-supervised banking institutions

would have an increase in risk weighted assets greater than 3 percent absent the transitions NPR. Therefore, the FDIC certifies that this proposed rule would not have a significant economic impact on a substantial number of small entities that it supervises.

C. Plain Language

Section 722 of the Gramm-Leach-Bliley Act requires the Federal banking agencies to use plain language in all proposed and final rules published after January 1, 2000. The agencies have sought to present the transitions NPR in a simple and straightforward manner, and invite comment on the use of plain language. For example:

- Have the agencies organized the material to suit your needs? If not, how could they present the transitions NPR rule more clearly?
- Are the requirements in the transitions NPR clearly stated? If not, how could the transitions NPR be more clearly stated?
- Do the regulations contain technical language or jargon that is not clear? If so, which language requires clarification?
- Would a different format (grouping and order of sections, use of headings, paragraphing) make the regulation easier to understand? If so, what changes would achieve that?
- What other changes can the agencies incorporate to make the regulation easier to understand?

D. OCC Unfunded Mandates Reform Act of 1995 Determination

The OCC analyzed the proposed rule under the factors set forth in the Unfunded Mandates Reform Act of 1995 (2 U.S.C. 1532). Under this analysis, the OCC considered

whether the proposed rule includes a Federal mandate that may result in the expenditure by State, local, and Tribal governments, in the aggregate, or by the private sector, of \$100 million or more in any one year (adjusted for inflation). The OCC has determined that this proposed rule would not result in expenditures by State, local, and Tribal governments, or the private sector, of \$100 million or more in any one year.¹¹ Accordingly, the OCC has not prepared a written statement to accompany this NPR.

List of Subjects

12 CFR Part 3

Administrative practice and procedure, Capital, National banks, Risk.

12 CFR Part 217

Administrative practice and procedure, Banks, Banking, Capital, Federal Reserve System, Holding companies.

12 CFR Part 324

Administrative practice and procedure, Banks, Banking, Capital Adequacy, Savings associations, State non-member banks.

¹¹ The OCC estimates that the proposed rule would lead to an aggregate increase in reported regulatory capital of \$665.5 million in 2018 for national banks and Federal savings associations compared to the amount they would report if they were required to complete the 2018 phase-in provisions. The OCC estimates that this increase in reported regulatory capital – which could allow banking organizations to increase their leverage and thus increase their tax deductions for interest paid on debt – would have a total aggregate value of approximately \$16 million per year across all directly impacted OCC-supervised entities (that is, national banks and Federal savings associations not subject to the advanced approaches risk-based capital rules).

Office of the Comptroller of the Currency

For the reasons set out in the joint preamble, the OCC proposes to amend 12 CFR part 3 as follows.

PART 3 – CAPITAL ADEQUACY STANDARDS

1. The authority citation for part 3 continues to read as follows:

Authority: 12 U.S.C. 93a, 161, 1462, 1462a, 1463, 1464, 1818, 1828(n), 1828 note, 1831n note, 1835, 3907, 3909, and 5412(b)(2)(B).

2. Section 3.300 is amended by revising paragraphs (b)(4) and (d)(1), and adding paragraph (b)(5), to read as follows:

§ 3.300 Transitions.

* * * * *

(b) * * *

(4) *Additional transition deductions from regulatory capital.* Except as provided in paragraph (b)(5) of this section:

(i) Beginning January 1, 2014 for an advanced approaches national bank or Federal savings association, and beginning January 1, 2015 for a national bank or Federal savings association that is not an advanced approaches national bank or Federal savings association, and in each case through December 31, 2017, a national bank or Federal savings association, must use Table 7 to §3.300 to determine the amount of investments in capital instruments and the items subject to the 10 and 15

percent common equity tier 1 capital deduction thresholds (§3.22(d)) (that is, MSAs, DTAs arising from temporary differences that the national bank or Federal savings association could not realize through net operating loss carrybacks, and significant investments in the capital of unconsolidated financial institutions in the form of common stock) that must be deducted from common equity tier 1 capital.

(ii) Beginning January 1, 2014 for an advanced approaches national bank or Federal savings association, and beginning January 1, 2015 for a national bank or Federal savings association that is not an advanced approaches national bank or Federal savings association, and in each case through December 31, 2017, a national bank or Federal savings association must apply a 100 percent risk weight to the aggregate amount of the items subject to the 10 and 15 percent common equity tier 1 capital deduction thresholds that are not deducted under this section. As set forth in §3.22(d)(2), beginning January 1, 2018, a national bank or Federal savings association must apply a 250 percent risk weight to the aggregate amount of the items subject to the 10 and 15 percent common equity tier 1 capital deduction thresholds that are not deducted from common equity tier 1 capital.

Table 7 to §3.300

Transition period	Transitions for deductions under §3.22(c) and (d)—Percentage of additional deductions from regulatory capital
Calendar year 2014	20
Calendar year 2015	40

Calendar year 2016	60
Calendar year 2017	80
Calendar year 2018 and thereafter	100

(iii) For purposes of calculating the transition deductions in this paragraph (b)(4) beginning January 1, 2014 for an advanced approaches national bank or Federal savings association, and beginning January 1, 2015 for a national bank or Federal savings association that is not an advanced approaches national bank or Federal savings association, and in each case through December 31, 2017, a national bank's or Federal savings association's 15 percent common equity tier 1 capital deduction threshold for MSAs, DTAs arising from temporary differences that the national bank or Federal savings association could not realize through net operating loss carrybacks, and significant investments in the capital of unconsolidated financial institutions in the form of common stock is equal to 15 percent of the sum of the national bank's or Federal savings association's common equity tier 1 elements, after regulatory adjustments and deductions required under §3.22(a) through (c) (transition 15 percent common equity tier 1 capital deduction threshold).

(iv) Beginning January 1, 2018, a national bank or Federal savings association must calculate the 15 percent common equity tier 1 capital deduction threshold in accordance with §3.22(d).

(5) Special transition provisions for non-significant investments in the capital of unconsolidated financial institutions, significant investments in the capital of unconsolidated financial institutions that are not in the form of common stock, MSAs, DTAs arising from temporary

differences that the national bank or Federal savings association could not realize through net operating loss carrybacks, and significant investments in the capital of unconsolidated financial institutions in the form of common stock – Beginning January 1, 2018, a national bank or Federal savings association that is not an advanced approaches national bank or Federal savings association must continue to apply the transition provisions described in paragraphs (b)(4)(i), (ii), and (iii) of this section applicable to calendar year 2017 to items that are subject to deduction under §3.22(c)(4), (c)(5), and (d), respectively.

* * * * *

(d) *Minority interest—(1) Surplus minority interest.* (i) *Advanced approaches national bank or Federal savings association surplus minority interest.* Beginning January 1, 2014 through December 31, 2017, an advanced approaches national bank or Federal savings association may include in common equity tier 1 capital, tier 1 capital, or total capital the percentage of the common equity tier 1 minority interest, tier 1 minority interest, and total capital minority interest outstanding as of January 1, 2014, that exceeds any common equity tier 1 minority interest, tier 1 minority interest, or total capital minority interest includable under §3.21 (surplus minority interest), respectively, as set forth in Table 10 to §3.300.

(ii) *Non-advanced approaches national bank and Federal savings association surplus minority interest.* A national bank or Federal savings association that is not an advanced approaches national bank or Federal savings association may include in common equity tier 1 capital, tier 1 capital, or total capital 20 percent of the common equity tier 1

minority interest, tier 1 minority interest and total capital minority interest outstanding as of January 1, 2014, that exceeds any common equity tier 1 minority interest, tier 1 minority interest, or total capital minority interest includable under §3.21 (surplus minority interest), respectively.

Table 10 to §3.300

Transition period	Percentage of the amount of surplus or non-qualifying minority interest that can be included in regulatory capital during the transition period
Calendar year 2014	80
Calendar year 2015	60
Calendar year 2016	40
Calendar year 2017	20
Calendar year 2018 and thereafter	0

* * * * *

12 CFR Part 217

Board of Governors of the Federal Reserve System

For the reasons set out in the joint preamble, part 217 of chapter II of title 12 of the Code of Federal Regulations is proposed to be amended as follows:

PART 217 – CAPITAL ADEQUACY OF BANK HOLDING COMPANIES, SAVINGS AND LOAN HOLDING COMPANIES, AND STATE MEMBER BANKS

1. The authority citation for part 217 continues to read as follows:

Authority: 12 U.S.C. 248(a), 321-338a, 481-486, 1462a, 1467a, 1818, 1828, 1831n, 1831o, 1831p-1, 1831w, 1835, 1844(b), 1851, 3904, 3906-3909, 4808, 5365, 5368, 5371

2. Section 217.300 is amended by revising paragraphs (b)(4) and (d)(1), and adding paragraph (b)(5), to read as follows:

§ 217.300 Transition Provisions.

* * * * *

(b) * * *

(4) *Additional transition deductions from regulatory capital.* Except as provided in paragraph (b)(5) of this section:

(i) Beginning January 1, 2014 for an advanced approaches Board-regulated institution, and beginning January 1, 2015 for a Board-regulated institution that is not an advanced approaches institution, and in each case through December 31, 2017, an institution, must use Table 7 to §217.300 to determine the amount of investments in capital instruments and the items subject to the 10 and 15 percent common equity tier 1 capital deduction thresholds (§217.22(d)) (that is, MSAs, DTAs arising from temporary differences that the institution could not realize through net operating loss carrybacks, and significant investments in the capital of unconsolidated financial institutions in the form of common stock) that must be deducted from common equity tier 1 capital.

(ii) Beginning January 1, 2014 for an advanced approaches institution, and beginning January 1, 2015 for an institution that is not an advanced approaches institution, and in each case through December 31, 2017, an institution must apply a 100 percent risk-weight to the aggregate amount of the items subject to the 10 and 15 percent common equity tier 1 capital deduction

thresholds that are not deducted under this section. As set forth in §217.22(d)(2), beginning January 1, 2018, a Board-regulated institution must apply a 250 percent risk-weight to the aggregate amount of the items subject to the 10 and 15 percent common equity tier 1 capital deduction thresholds that are not deducted from common equity tier 1 capital.

Table 7 to §217.300

Transition period	Transitions for deductions under §217.22(c) and (d)— Percentage of additional deductions from regulatory capital
Calendar year 2014	20
Calendar year 2015	40
Calendar year 2016	60
Calendar year 2017	80
Calendar year 2018 and thereafter	100

(iii) For purposes of calculating the transition deductions in this paragraph (b)(4) beginning January 1, 2014 for an advanced approaches Board-regulated institution, and beginning January 1, 2015 for Board-regulated institution that is not an advanced approaches Board-regulated institution, and in each case through December 31, 2017, an institution's 15 percent common equity tier 1 capital deduction threshold for MSAs, DTAs arising from temporary differences that the institution could not realize through net operating loss carrybacks, and significant investments in the capital of unconsolidated financial institutions in the form of common stock is equal to 15 percent of the sum of the institution's common equity tier 1 elements, after regulatory adjustments and deductions required under §217.22(a) through (c) (transition 15 percent common equity tier 1 capital deduction threshold).

(iv) Beginning January 1, 2018 a Board-regulated institution must calculate the 15 percent common equity tier 1 capital deduction threshold in accordance with § 217.22(d).

(5) *Special transition provisions for non-significant investments in the capital of unconsolidated financial institutions, significant investments in the capital of unconsolidated financial institutions that are not in the form of common stock, MSAs, DTAs arising from temporary differences that the Board-regulated institution could not realize through net operating loss carrybacks, and significant investments in the capital of unconsolidated financial institutions in the form of common stock* – Beginning January 1, 2018, a Board-regulated institution that is not an advanced approaches Board-regulated institution must continue to apply the transition provisions described in paragraphs (b)(4)(i), (ii), and (iii) of this section applicable to calendar year 2017 to items that are subject to deduction under § 217.22(c)(4), (c)(5), and (d), respectively.

* * * * *

(d) *Minority interest*—

(1) Surplus minority interest

(A) *Advanced approaches institution surplus minority interest.* Beginning January 1, 2014 through December 31, 2017, an advanced approaches Board-regulated institution may include in common equity tier 1 capital, tier 1 capital, or total capital the percentage of the common equity tier 1 minority interest, tier 1 minority interest and total capital minority interest outstanding as of January 1, 2014 that exceeds any common equity tier 1 minority interest, tier 1 minority interest or total capital minority interest includable under § 217.21 (surplus minority interest), respectively, as set forth in Table 10 to § 217.300.

(B) *Non-advanced approaches institution surplus minority interest.* A Board-regulated institution that is not an advanced approaches Board-regulated institution may include in

common equity tier 1 capital, tier 1 capital, or total capital 20 percent of the common equity tier 1 minority interest, tier 1 minority interest and total capital minority interest outstanding as of January 1, 2014, that exceeds any common equity tier 1 minority interest, tier 1 minority interest or total capital minority interest includable under § 217.21 (surplus minority interest), respectively.

Table 10 to § 217.300

Transition period	Percentage of the amount of surplus or non-qualifying minority interest that can be included in regulatory capital during the transition period
Calendar year 2014	80
Calendar year 2015	60
Calendar year 2016	40
Calendar year 2017	20
Calendar year 2018 and thereafter	0

12 CFR Part 324

Federal Deposit Insurance Corporation

For the reasons set out in the joint preamble, the FDIC proposes to amend 12 CFR part 324 as follows.

PART 324 – CAPITAL ADEQUACY OF FDIC-SUPERVISED INSTITUTIONS

1. The authority citation for part 324 continues to read as follows:

Authority: 12 U.S.C. 1815(a), 1815(b), 1816, 1818(a), 1818(b), 1818(c), 1818(t), 1819(Tenth), 1828(c), 1828(d), 1828(i), 1828(n), 1828(o), 1831o, 1835, 3907, 3909, 4808; 5371; 5412; Pub.L. 102–233, 105 Stat. 1761, 1789, 1790 (12 U.S.C. 1831n note); Pub.L. 102–242, 105

Stat. 2236, 2355, as amended by Pub.L. 103–325, 108 Stat. 2160, 2233 (12 U.S.C. 1828 note); Pub.L. 102–242, 105 Stat. 2236, 2386, as amended by Pub.L. 102–550, 106 Stat. 3672, 4089 (12 U.S.C. 1828 note); Pub.L. 111–203, 124 Stat. 1376, 1887 (15 U.S.C. 78o–7 note).

2. Section 324.300 is amended by revising paragraphs (b)(4) and (d)(1), and adding paragraph (b)(5), to read as follows:

§ 324.300 Transition Provisions.

(b)

* * *

(4) *Additional transition deductions from regulatory capital.* Except as provided in paragraph (b)(5) of this section:

(i) Beginning January 1, 2014, for an advanced approaches FDIC-supervised institution, and beginning January 1, 2015, for an FDIC-supervised institution that is not an advanced approaches FDIC-supervised institution, and in each case through December 31, 2017, an FDIC-supervised institution, must use Table 7 to §324.300 to determine the amount of investments in capital instruments and the items subject to the 10 and 15 percent common equity tier 1 capital deduction thresholds (§324.22(d)) (that is, MSAs, DTAs arising from temporary differences that the FDIC-supervised institution could not realize through net operating loss carrybacks, and significant investments in the capital of unconsolidated financial institutions in the form of common stock) that must be deducted from common equity tier 1 capital.

(ii) Beginning January 1, 2014, for an FDIC-supervised advanced approaches institution, and beginning January 1, 2015, for an FDIC-supervised institution that is not an advanced approaches FDIC-supervised institution, and in each case through December 31, 2017, an FDIC-supervised institution must apply a 100 percent risk-weight to the aggregate amount of the items subject to the 10 and 15 percent common equity tier 1 capital deduction thresholds that are not deducted under this section. As set forth in § 324.22(d)(2), beginning January 1, 2018, an FDIC-supervised institution must apply a 250 percent risk-weight to the aggregate amount of the items subject to the 10 and 15 percent common equity tier 1 capital deduction thresholds that are not deducted from common equity tier 1 capital.

Table 7 to § 324.300

Transition period	Transitions for deductions under § 324 .22(c) and (d)— Percentage of additional deductions from regulatory capital
Calendar year 2014	20
Calendar year 2015	40
Calendar year 2016	60
Calendar year 2017	80
Calendar year 2018 and thereafter	100

(iii) For purposes of calculating the transition deductions in this paragraph (b)(4) beginning January 1, 2014, for an advanced approaches FDIC-supervised institution, and beginning January 1, 2015, for an FDIC-supervised institution that is not an advanced approaches FDIC-supervised

institution, and in each case through December 31, 2017, an FDIC-supervised institution's 15 percent common equity tier 1 capital deduction threshold for MSAs, DTAs arising from temporary differences that the FDIC-supervised institution could not realize through net operating loss carrybacks, and significant investments in the capital of unconsolidated financial institutions in the form of common stock is equal to 15 percent of the sum of the FDIC-supervised institution's common equity tier 1 elements, after regulatory adjustments and deductions required under § 324.22(a) through (c) (transition 15 percent common equity tier 1 capital deduction threshold).

(iv) Beginning January 1, 2018, an FDIC-supervised institution must calculate the 15 percent common equity tier 1 capital deduction threshold in accordance with § 324.22(d).

(5) Special transition provisions for non-significant investments in the capital of unconsolidated financial institutions, significant investments in the capital of unconsolidated financial institutions that are not in the form of common stock, MSAs, DTAs arising from temporary differences that the FDIC-supervised institution could not realize through net operating loss carrybacks, and significant investments in the capital of unconsolidated financial institutions in the form of common stock – Beginning January 1, 2018, an FDIC-supervised institution that is not an advanced approaches FDIC-supervised institution must continue to apply the transition provisions described in paragraphs (b)(4)(i), (ii), and (iii) of this section applicable to calendar year 2017 to items that are subject to deduction under § 324.22(c)(4), (c)(5), and (d), respectively.

* * * * *

(d) *Minority interest*—

(1) Surplus minority interest

(A) *Advanced approaches FDIC-supervised institution surplus minority interest.*

Beginning January 1, 2014, through December 31, 2017, an advanced approaches FDIC-supervised institution may include in common equity tier 1 capital, tier 1 capital, or total capital the percentage of the common equity tier 1 minority interest, tier 1 minority interest and total capital minority interest outstanding as of January 1, 2014 that exceeds any common equity tier 1 minority interest, tier 1 minority interest or total capital minority interest includable under §324.21 (surplus minority interest), respectively, as set forth in Table 9 to § 324.300.

(B) *Non-advanced approaches FDIC-supervised institution surplus minority interest.* An FDIC-supervised institution that is not an advanced approaches FDIC-supervised institution may include in common equity tier 1 capital, tier 1 capital, or total capital 20 percent of the common equity tier 1 minority interest, tier 1 minority interest and total capital minority interest outstanding as of January 1, 2014 that exceeds any common equity tier 1 minority interest, tier 1 minority interest or total capital minority interest includable under § 324.21 (surplus minority interest), respectively.

Table 9 to § 324.300

Transition period	Percentage of the amount of surplus or non-qualifying minority interest that can be included in regulatory capital during the transition period
Calendar year 2014	80
Calendar year 2015	60
Calendar year 2016	40
Calendar year 2017	20
Calendar year 2018 and thereafter	0

**[THIS SIGNATURE PAGE RELATES TO THE DOCUMENT TITLED
“REGULATORY CAPITAL RULES: RETENTION OF CERTAIN EXISTING
TRANSITION PROVISIONS FOR BANKING ORGANIZATIONS THAT ARE NOT
SUBJECT TO THE ADVANCED APPROACHES CAPITAL RULES”]**

Dated: *August 2, 2017*

Keith A. Noreika

Acting Comptroller of the Currency

[THIS SIGNATURE PAGE RELATES TO THE DOCUMENT TITLED
“REGULATORY CAPITAL RULES: RETENTION OF CERTAIN EXISTING
TRANSITION PROVISIONS FOR BANKING ORGANIZATIONS THAT ARE NOT
SUBJECT TO THE ADVANCED APPROACHES CAPITAL RULES”]

Dated: August 2, 2017

Keith A. Noreika

Acting Comptroller of the Currency

CERTIFIED COPY
CERTIFIED TO BE A TRUE COPY OF THE ORIGINAL

Office of the Comptroller of the Currency

[THIS SIGNATURE PAGE RELATES TO THE DOCUMENT TITLED
“REGULATORY CAPITAL RULES: RETENTION OF CERTAIN EXISTING
TRANSITION PROVISIONS FOR BANKING ORGANIZATIONS THAT ARE NOT
SUBJECT TO THE ADVANCED APPROACHES CAPITAL RULES”]

Dated: August 2, 2017

Keith A. Noreika

Acting Comptroller of the Currency

CERTIFIED TO BE A TRUE COPY OF THE ORIGINAL

Federal Register Liaison
Office of the Comptroller of the Currency

**[THIS SIGNATURE PAGE RELATES TO THE DOCUMENT TITLED
“REGULATORY CAPITAL RULES: RETENTION OF CERTAIN EXISTING
TRANSITION PROVISIONS FOR BANKING ORGANIZATIONS THAT ARE NOT
SUBJECT TO THE ADVANCED APPROACHES CAPITAL RULES”]**

By order of the Board of Governors of the Federal Reserve System, August 16, 2017.

Ann E. Misback,
Secretary of the Board.

[THIS SIGNATURE PAGE RELATES TO THE DOCUMENT TITLED
“REGULATORY CAPITAL RULES: RETENTION OF CERTAIN EXISTING
TRANSITION PROVISIONS FOR BANKING ORGANIZATIONS THAT ARE NOT
SUBJECT TO THE ADVANCED APPROACHES CAPITAL RULES”]

By order of the Board of Governors of the Federal Reserve System, August 16, 2017.

(signed) Ann E. Misback

Ann E. Misback,

Secretary of the Board.

CERTIFIED TRUE COPY OF THE ORIGINAL

UA
FRB LIAISON

**[THIS SIGNATURE PAGE RELATES TO THE DOCUMENT TITLED
“REGULATORY CAPITAL RULES: RETENTION OF CERTAIN EXISTING
TRANSITION PROVISIONS FOR BANKING ORGANIZATIONS THAT ARE NOT
SUBJECT TO THE ADVANCED APPROACHES CAPITAL RULES”]**

By order of the Board of Governors of the Federal Reserve System, August 16, 2017.

(signed) Ann E. Misback

Ann E. Misback,
Secretary of the Board.

CERTIFIED TRUE COPY OF THE ORIGINAL *DA*
FRB WASHINGTON

**[THIS SIGNATURE PAGE RELATES TO THE DOCUMENT TITLED
“REGULATORY CAPITAL RULES: RETENTION OF CERTAIN EXISTING
TRANSITION PROVISIONS FOR BANKING ORGANIZATIONS THAT ARE NOT
SUBJECT TO THE ADVANCED APPROACHES CAPITAL RULES”]**

Dated at Washington, D.C. this 9th of August, 2017.

By order of the Board of Directors.

Federal Deposit Insurance Corporation.

Robert E. Feldman,

Executive Secretary.

**[THIS SIGNATURE PAGE RELATES TO THE DOCUMENT TITLED
“REGULATORY CAPITAL RULES: RETENTION OF CERTAIN EXISTING
TRANSITION PROVISIONS FOR BANKING ORGANIZATIONS THAT ARE NOT
SUBJECT TO THE ADVANCED APPROACHES CAPITAL RULES”]**

Dated at Washington, D.C. this 9th of August, 2017.

By order of the Board of Directors.

Federal Deposit Insurance Corporation.

Robert E. Feldman,

Executive Secretary.

**[THIS SIGNATURE PAGE RELATES TO THE DOCUMENT TITLED
“REGULATORY CAPITAL RULES: RETENTION OF CERTAIN EXISTING
TRANSITION PROVISIONS FOR BANKING ORGANIZATIONS THAT ARE NOT
SUBJECT TO THE ADVANCED APPROACHES CAPITAL RULES”]**

Dated at Washington, D.C. this 9th of August, 2017.

By order of the Board of Directors.

Federal Deposit Insurance Corporation.

Robert E. Feldman,

Executive Secretary.