**Financial Institution Letter**  
**FIL-20-2020**  
**March 19, 2020**

## Regulatory Capital Rule: Clarification on the Use of Buffers

**Summary:** The FDIC, the Federal Reserve Board and the Office of the Comptroller of the Currency (the agencies) are issuing the attached questions and answers (Q&As) in response to public inquiries on the agencies’ Statement Regarding the Use of Capital and Liquidity Buffers, which was issued on March 17, 2010.

**Statement of Applicability to Institutions with Total Assets under $1 Billion:** This Financial Institution Letter (FIL) is applicable to all banks.

### Distribution:
FDIC-Supervised Institutions

### Suggested Routing:
Chief Executive Officer  
Chief Financial Officer  
Chief Risk Officer

### Related Topics:
Risk-Based Capital Rules, 12 CFR Part 324

### Attachment:
- Q&As on Statement Regarding the Use of Capital and Liquidity Buffers
- Statement on the Use of Capital and Liquidity Buffers
- Regulatory Capital Rule: Eligible Retained Income

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### Highlights:
- The agencies are encouraging banking organizations to use their capital and liquidity buffers as they respond to the challenges presented by the effects of the coronavirus.
- These capital and liquidity buffers were designed for this purpose to provide banking organizations with the means to support the economy in adverse situations and allow banking organization to continue to serve households and businesses. The agencies expect banking organizations to continue to manage their capital actions and liquidity risk prudently.
- The attached Q&As respond to public inquiries from banking organizations regarding the use of their capital and liquidity buffers.
- The agencies also issued an interim final rule that revises the definition of eligible retained income in their capital rules, which directly affects the amount of capital a banking organization may distribute if it falls below its capital buffer.