Statement of Martin J. Gruenberg, Chairman, Federal Deposit Insurance Corporation (FDIC)

Notice of Proposed Rulemaking on Supplementary Leverage Ratio Issued by the Federal Reserve and OCC
April 11, 2018

The Federal Reserve Board of Governors and the Office of the Comptroller of the Currency (OCC) issued a notice of proposed rulemaking (NPR) today that would reduce the enhanced supplementary leverage ratio (eSLR) capital requirements applicable to the eight global systemically important banking organizations (GSIBs) headquartered in the United States at both the holding company and their insured depository institution (IDI) subsidiaries. As stated in the NPR, "The amount of tier 1 capital required under the proposed eSLR standard across the lead IDI subsidiaries would be approximately $121 billion less than what is required under the current eSLR standard to be considered well-capitalized." Given these reductions in capital requirements, the FDIC did not join the Federal Reserve and OCC in issuing the proposed rule.

Strengthening leverage capital requirements for the largest, most systemically important banks in the United States was among the most important post-crisis reforms. In April 2014, the Federal Deposit Insurance Corporation, OCC, and Federal Reserve jointly finalized a rule that required the eight U.S. GSIBs to satisfy a supplementary leverage ratio capital requirement of 5 percent at the holding company and 6 percent at their insured depository institutions. This simple approach has served well in addressing the excessive leverage that helped deepen the financial crisis.

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