Other Questions

1. Under the SSFA, how does a banking organization calculate K_G (that is, the weighted average capital requirement of the underlying exposures) for a securitization exposure backed by Sallie Mae student loans that are guaranteed by the U.S. government? What risk weight does the banking organization use for the portion of the underlying exposure that is guaranteed?

The portion of a Sallie Mae loan conditionally guaranteed by the U.S. government is subject to a risk weight of 20 percent, pursuant to sections 43(b) and 32(a)(1)(ii) of the regulatory capital rule. If 97 percent of an underlying exposure is conditionally guaranteed by the U.S. government, 97 percent of that exposure would be risk weighted at 20 percent. The portion of the remaining 3 percent that is performing would be risk weighted at 100 percent and any portion of the remaining 3 percent that is 90 days or more past due or on non-accrual would be risk weighted at 150 percent. See sections 43(b) and 32(k) of the regulatory capital rule.

2. Is a loan that has a "due on demand" clause considered unconditionally cancellable?

The incorporation of a demand clause, by itself, does not meet the definition of unconditionally cancellable under section 2 of the regulatory capital rule because it may not extinguish the borrower's ability to make future draws on the credit facility. Under section 2 of the regulatory capital rule, the term "unconditionally cancellable" means that the banking organization "may, at any time, with or without cause, refuse to extend credit under the commitment (to the extent permitted under applicable law)."

***3. What disclosure requirements are advanced approaches banking organizations subject to once they exit parallel run?**

Top-tier advanced approaches banking organizations that exit parallel run are subject to the disclosure requirements described in sections 172 and 173 of the regulatory capital rule. If an advanced approaches banking organization has not exited parallel run, it is subject to the public disclosure requirements described in sections 61 to 63 of the standardized approach beginning in 2015 if it has $50 billion or more in total consolidated assets.