



FEDERAL RESERVE BANK *of* KANSAS CITY

September 14, 2017

Federal Banking Agencies Propose Extension of Certain Capital Rule Transitions

Attention: Chief Executive Officer of Each Tenth District State Member Bank and Large Holding Company

In Brief: The Federal Reserve, the Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency (the agencies) issued a notice of proposed rulemaking (NPR) on August 22, 2017, to extend the transitional capital treatment for certain regulatory capital deductions and risk weights.

Highlights: As part of the recent review of regulations under the Economic Growth and Regulatory Paperwork Reduction Act, the agencies announced that they are developing a proposal that would simplify the capital rules to reduce regulatory burden, particularly for community banks. This NPR is in preparation for a forthcoming proposal to simplify regulatory capital requirements for banks that are not subject to the advanced capital approaches rules¹. The agencies are referring to this NPR as the transitions NPR, which is in preparation for a future simplifications NPR.

The agencies are proposing to extend the existing transition provisions in 12 CFR §217.300 for a targeted set of items: mortgage servicing assets, certain deferred tax assets, investments in the capital instruments of unconsolidated financial institutions, and minority interests. Under the transition NPR, firms subject to this NPR would be required to continue to apply the existing transition provisions in effect for calendar year 2017 in Table 7 of section 300 of the capital rules.

Comments on this proposal must be received by September 25, 2017 and may be provided at <https://www.federalreserve.gov/apps/foia/proposedregs.aspx>. The agencies anticipate proposing the simplified regulatory capital requirements in the coming months.

Contact: Please direct any questions concerning the advisory to your Federal Reserve Bank of Kansas City central point of contact at (800) 333-1010.

Internet Link: A copy of the NPR is available on the Board's public website at: <https://www.federalreserve.gov/newsevents/pressreleases/bcreg20170822a.htm>

¹ Banking organizations that are not subject to the advanced approaches capital rules are generally those with less than \$250 billion in total consolidated assets and less than \$10 billion in total foreign exposure.