Joint Release	**Federal Reserve Board of Governors** **Federal Deposit Insurance Corporation** **Office of the Comptroller of the Currency**

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Agencies Allow Three-Year Regulatory Capital Phase In for New Current Expected Credit Losses (CECL) Accounting Standard

The federal bank regulatory agencies approved a final rule modifying their regulatory capital rules and providing an option to phase in over a period of three years the day-one regulatory capital effects of the update to the accounting standard known as the "Current Expected Credit Losses" (CECL) methodology. The final rule also revises the agencies' other rules to reflect the update to the accounting standards.

In June 2016, the Financial Accounting Standards Board issued an update to the accounting standards for credit losses that included the CECL methodology, which replaces the existing incurred loss methodology for certain financial assets. During the phase in, the agencies will continue to monitor the impact of CECL adoption.

The final rule will take effect April 1, 2019. Banking organizations that choose to early adopt CECL may elect to adopt the rule as of the first quarter 2019.

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Attachment:

- Current Expected Credit Losses (CECL) Final Rule

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