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**Joint Release**

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

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For immediate release

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## **Federal Banking Agencies Propose Extension of Certain Capital Rule Transitions**

In preparation for a forthcoming proposal that would simplify regulatory capital requirements, federal banking regulators on Tuesday proposed a rule that would extend the existing transitional capital treatment for certain regulatory capital deductions and risk weights. The extension would apply to banking organizations that are not subject to the agencies' advanced approaches capital rules.

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. That proposal would simplify the capital rules' treatment of mortgage servicing assets and other items. However, under the current capital rules, the transitional treatment for those items is scheduled to be replaced with a different treatment on January 1, 2018.

As a result, the agencies are proposing to extend the existing transition provisions 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. This proposal would prevent the implementation of the fully phased-in requirements for these items by banking organizations that are not subject to the advanced approaches capital rules prior to the agencies' consideration of simplification to the capital rules.

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. Firms that are subject to the advanced approaches rules would not be affected by this proposal and would remain subject to the fully phased-in requirements for these exposures beginning on January 1, 2018.

Comments on this proposal will be accepted for 30 days after publication in the *Federal Register*. The agencies anticipate proposing the simplified regulatory capital requirements in the coming months.

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