



Federal Deposit Insurance Corporation
550 17th Street NW, Washington, DC 20429-9990

Financial Institution Letter

FIL-20-2014

April 25, 2014

Regulatory Capital Rules

Regulatory Capital, Proposed Revisions to the Supplementary Leverage Ratio

Summary: The federal banking agencies have issued the attached joint notice of proposed rulemaking (NPR) that would revise the denominator of the supplementary leverage ratio (total leverage exposure) under the revised regulatory capital rule adopted by the agencies in July 2013 (2013 revised capital rule).

Statement of Applicability to Institutions with Total Assets Under \$1 Billion: This Financial Institution Letter applies only to banking organizations subject to the agencies' advanced approaches risk-based capital rules (advanced approaches banking organizations, as defined in the 2013 revised capital rule). In general, the advanced approaches rule defines a core bank as a bank with consolidated total assets of \$250 billion or more, consolidated on-balance sheet foreign exposure of \$10 billion or more, or a subsidiary of a core bank.

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FDIC-Supervised Banks and Savings Associations

Suggested Routing:
Chief Executive Officer
Chief Financial Officer
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Related Topics:
Risk-Based Capital Rules, 12 CFR Part 324,
Basel III

Attachment:
Regulatory Capital Rules: Regulatory Capital, Proposed Revisions to the Supplementary Leverage Ratio

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Highlights:

The proposed rule would:

- Align the agencies' rules on the calculation of the denominator of the supplementary leverage ratio (SLR) with international leverage ratio standards.
- Incorporate in total leverage exposure the effective notional amount of credit derivatives and other similar instruments under which credit protection is provided, modify the calculation of total leverage exposure for derivatives and repo-style transactions, and revise the credit conversion factors applied to certain off-balance sheet exposures.
- Change the methodology for calculating the SLR and the public disclosure requirements for the SLR.
- Apply to banking organizations subject to the agencies' advanced approaches risk-based capital rules.
- Seek comment on all aspects of the proposed rule, including its interactions with the final enhanced SLR standards.