



Federal Deposit Insurance Corporation

550 17th Street NW, Washington, D.C. 20429-9990

## Financial Institution Letter

FIL-33-2013

July 9, 2013

### Regulatory Capital Rules: Regulatory Capital, Enhanced Supplementary Leverage Ratio Standards for Certain Bank Holding Companies and their Subsidiary Insured Depository Institutions

**Summary:** The federal banking agencies have issued the attached joint notice of proposed rulemaking (NPR) that would strengthen the leverage requirements applicable to the largest, most systemically important banking organizations and their subsidiary insured depository institutions.

**Statement of Applicability to Institutions with Total Assets Under \$1 Billion:** This Financial Institution Letter applies only to banking organizations with at least \$700 billion in total consolidated assets at the top-tier bank holding company (BHC) or at least \$10 trillion in assets under custody (covered BHCs) and any insured depository institution subsidiary of these BHCs (covered insured depository institutions).

#### Distribution:

FDIC-Supervised Banks and Savings Associations

#### Suggested Routing:

Chief Executive Officer  
Chief Financial Officer  
Chief Risk Officer

#### Related Topics:

Risk-Based Capital Rules, 12 CFR Part 324, Basel III

#### Attachment:

[Regulatory Capital, Enhanced Supplementary Leverage Ratio Standards for Certain Bank Holding Companies and their Subsidiary Insured Depository Institutions](#)

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#### Note:

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#### Highlights:

- The proposed rule would increase the 3 percent supplementary leverage ratio requirement contained in the interim final rule titled "Regulatory Capital Rules: Regulatory Capital, Implementation of Basel III, Capital Adequacy, Transition Provisions, Prompt Corrective Action; Standardized Approach for Risk-Weighted Assets; Market Discipline and Disclosure Requirements; Advanced Approaches Risk-Based Capital Rule; and Market Risk Capital Rule."
- The new requirements would apply to the largest, most interconnected banking organizations with at least \$700 billion in total consolidated assets at the top-tier BHC or at least \$10 trillion in assets under custody (covered BHCs) and any insured depository institution subsidiary of these BHCs (covered IDIs).
- For covered IDIs, the proposed rule would establish a supplementary leverage ratio of 6 percent as a "well-capitalized" threshold for prompt corrective action.
- For covered BHCs, the proposed rule establishes a capital conservation buffer composed of tier 1 capital of 2 percent of total leverage exposure; therefore, these BHCs would need to maintain a supplementary leverage ratio of 5 percent to avoid restrictions on capital distributions.
- The denominator in the proposed rule would be consistent with total leverage exposure in the FDIC's interim final rule on Basel III
- The federal banking agencies are seeking comment on the proposed calibration, including whether the increase in leverage requirements would appropriately complement the increases in the risk-based capital requirements in the final rule, and whether and how risk-based capital requirements could be simplified.