

U.S. Banking Agencies Delay the Phase-In of Certain Capital Rules for Non-Advanced Approaches Banking Organizations

November 21, 2017 | Client Update

The U.S. banking agencies (the Federal Reserve, OCC and FDIC) have delayed the last phase of the U.S. Basel III capital rules' transition provisions relating to certain deductions from capital and limitations on the recognition of minority interests, which were scheduled to become effective January 1, 2018, for banking organizations that are not advanced approaches banking organizations. The [final rule](#), which was released on November 21, 2017, effectively freezes the currently applicable phase of the transition provisions for these capital requirements until a [separate rulemaking](#) aimed at simplifying these and other requirements for certain banking organizations, which was proposed in September, is finalized. The final rule was adopted without any changes to the September proposal, which we described in greater detail [here](#). The final rule is effective January 1, 2018.

We note that the U.S. agencies stated in the preamble to the final rule that they are considering potential "adjustments to the capital rules in response to [the implementation of the current expected credit loss (CECL) accounting standard] and its potential impact on regulatory capital." It is not clear to us whether the agencies would consider such CECL-related adjustments as part of its ongoing capital simplifications proposal, or whether they are contemplating a separate notice of proposed rulemaking on CECL-related issues. In either case, we view this as a welcome statement about possible further capital relief.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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