

# Federal Reserve Finalizes New Supervisory Ratings System for Large Financial Institutions

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The Federal Reserve has finalized a new supervisory ratings system for large financial institutions (**LFIs**). The new LFI rating system, which reflects the three core areas of focus in the Federal Reserve's current LFI supervisory framework—capital, liquidity and governance and controls—is meant to fully align with the Federal Reserve's current supervisory programs and practices, enhance the clarity and consistency of supervisory assessments and communications of supervisory findings and implications, and provide transparency related to the supervisory consequences of a given rating. The first ratings under the LFI rating system will be assigned in early 2019 or early 2020, depending on the type of institution.

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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