

Dodd-Frank Enhanced Prudential Standards for Foreign Banking Organizations – Summary with Visuals

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The Federal Reserve has proposed a tiered approach for applying U.S. capital, liquidity and other Dodd-Frank enhanced prudential standards to the U.S. operations of foreign banking organizations with total global assets of \$50 billion or more ("Large FBOs"). Most Large FBOs would have to create a separately capitalized top-tier U.S. intermediate holding company ("IHC") that would hold all U.S. bank and nonbank subsidiaries. The IHC would be subject to U.S. capital, liquidity and other enhanced prudential standards on a consolidated basis. Although the U.S. branches and agencies of a Large FBO's foreign bank would not be required to be held beneath the IHC, they would be subject to liquidity, single counterparty credit limits and, in certain circumstances, asset maintenance requirements under the proposal. Large FBOs not required to form an IHC would still be subject to many of the new enhanced prudential standards. This memorandum provides an overview of key aspects of the Federal Reserve's proposal. We invite you to also read the accompanying diagrams and tables for a visual representation of the proposed new requirements.

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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