

December 13, 2019

**SUBMITTED ELECTRONICALLY**

Ann E. Misback  
Secretary  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue, NW  
Washington, DC 20551

**RE: Single-Counterparty Credit Limits for Bank Holding Companies and Foreign Banking Organizations (12 CFR Part 252)**

Ladies and Gentlemen:

The American Bankers Association<sup>1</sup> (ABA) appreciates the opportunity to provide comments to the Board of Governors of the Federal Reserve System (Federal Reserve) on a proposal that would delay the compliance dates for Single-Counterparty Credit Limits (SCCL) finalized in a rule published in the Federal Register in August 2018<sup>2</sup>, for Bank Holding Companies and Foreign Banking Organizations (FBOs). The Board is soliciting comment on a proposed amendment to modify the initial compliance dates to July 1, 2021, and January 1, 2022, with respect to the SCCL applicable to an FBOs combined U.S. operations. If finalized, the Notice of Proposed Rulemaking (NPR) would extend the initial compliance dates for the combined U.S. operations of covered FBOs<sup>3</sup> by an additional 18-months.

ABA supports the Federal Reserve on its efforts to amend the implementation dates for covered FBOs due to the SCCL compliance challenges that currently exist outside of the U.S. Although many foreign banks that have combined U.S. operations are expediently working towards implementing the Large Exposure Standards<sup>4</sup> according to the Basel Committee on Banking Supervision (BCBS) framework, additional time is needed as the compliance regime adjusts to the final tailoring rule<sup>5</sup> regulations. The proposed 18-month extension for large FBOs with the characteristics of a Global Systemically Important Bank (GSIB) until July 1, 2021, and January 1, 2022, for FBOs without the characteristics of a GSIB, provides a crucial transition period for the home country jurisdiction's rules to ultimately take effect.

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<sup>1</sup> The American Bankers Association is the voice of the nation's \$18 trillion banking industry, which is composed of small, regional, and large banks that together employ more than 2 million people, safeguard more than \$14 trillion in deposits, and extend \$10.4 trillion in loans. Learn more at [www.aba.com](http://www.aba.com).

<sup>2</sup> 83 Fed. Reg. 38460 (Aug. 6, 2018).

<sup>3</sup> A covered foreign entity is any foreign banking organization (FBO) that is subject to Categories II or III standards or that has total global consolidated assets that equal or exceed \$250 billion and any U.S. intermediate holding company (IHC) that is subject to Category II or III standards.

<sup>4</sup> ISBN 978-92-9197-988-2 (online) or at <https://www.bis.org/publ/bcbs283.pdf>

<sup>5</sup> 84 Fed. Reg. 59032 (Nov. 1, 2019).

It is imperative for the Board to take appropriate action concerning the immediate finalization of the proposed SCCL compliance delay. For large FBOs with GSIB characteristics, the January 1, 2020, deadline is fast approaching, and there remains concern that if the NPR is finalized after the above stated deadline, the effective date for the 18-month delay will take effect well after its publication date. The delay in implementation would put ABA members in the precarious scenario of complying with the rule in the realm of a few days to a few weeks. We respectfully request the Board to consider these factors, and unintended consequences, when finalizing the proposed rule.

Additionally, we ask the Board to consider individual relief for those large FBOs who fall into the compliance date gap of the effective date of the final U.S. SCCL Rule. ABA requests an additional 90-day extension after the finalization of the proposed 18-month SCCL delay, which would provide FBOs the assurance to conform to the rules in the event there are unforeseen matters from the NPR.

Thank you for your time and attention for considering these issues. If you would like additional information regarding these comments, please contact Justin Underwood at (202) 663-5273 or [junderwood@aba.com](mailto:junderwood@aba.com).

Sincerely,

A handwritten signature in black ink, appearing to read 'Justin Underwood', with a stylized, cursive script.

Justin Underwood  
Senior Director, Banking Policy  
American Bankers Association