

**Supporting Statement for the  
Report of Net Debit Cap and Max Cap Resolution  
(FR 2226; OMB No. 7100-0217)**

**Summary**

The Board of Governors of the Federal Reserve System (Board), under authority delegated by the Office of Management and Budget (OMB), proposes to extend for three years, with revision, the Report of Net Debit Cap and Max Cap Resolution<sup>1</sup> (FR 2226; OMB No. 7100-0217).<sup>2</sup> Federal Reserve Banks collect these data annually to provide information that is essential for their administration of the Board's Payment System Risk (PSR) policy. The Report of Net Debit Cap and Max Cap Resolution comprises three resolutions, which are filed by a depository institution's board of directors depending on its needs. The reporting panel includes all depository institutions with access to the discount window that are eligible to request intraday credit.

The Board proposes to revise the FR 2226 to take into account existing recordkeeping provisions in the PSR policy that had not been included in previous clearances.

The current estimated total annual burden for the FR 2226 is 890 hours and would increase to 1,096 hours. The proposed revisions would result in an increase of 206 hours.

**Background and Justification**

The resolutions associated with the Report of Net Debit Cap and Max Cap Resolution address the use of daylight credit pursuant to the Board's PSR policy. Under the policy, institutions that maintain a Federal Reserve account are assigned or may establish a net debit cap that represents a maximum limit on uncollateralized daylight overdrafts incurred in that account.<sup>3</sup> A daylight overdraft occurs when the intraday balance in a depository institution's Administrative Reserve Bank account becomes negative. The net debit cap is calculated by applying a net debit cap multiple to a capital measure (risk-based capital for a U.S. chartered institution and a U.S. capital equivalency measure for a U.S. branch or agency of a foreign bank).<sup>4</sup> An institution's cap category and its reported capital determine the size of the net debit cap. The six net debit cap categories are (1) zero, (2) exempt-from-filing, (3) de minimis, and the self-assessed categories, which include (4) average, (5) above average, and (6) high. Further, eligible institutions may pledge collateral to their Administrative Reserve Banks under the Maximum Daylight Overdraft program to secure daylight overdraft capacity in excess of the institution's net debit caps. The resulting combination of uncollateralized and collateralized

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<sup>1</sup> The Board is changing the Agency Report Title for the collection from "Report of Net Debit Cap" to "Report of Net Debit Cap and Max Cap Resolution".

<sup>2</sup> There is no formal reporting form for this collection of information. The FR 2226 designation is for internal purposes only. The Guide to PSR policy, available at [https://www.federalreserve.gov/paymentsystems/files/psr\\_guide.pdf](https://www.federalreserve.gov/paymentsystems/files/psr_guide.pdf), contains the resolution letters that depository institutions requesting access to intraday credit submit to their Reserve Bank.

<sup>3</sup> In December 2022, the Board published its revised Federal Reserve Policy on Payment System Risk. See 87 FR 75254 (December 8, 2022). The changes became effective in 2023.

<sup>4</sup> See 55 FR 22095 (May 31, 1990).

capacity is known as the maximum daylight overdraft capacity, or max cap. All cap categories are granted at the discretion of the Administrative Reserve Banks.

An Administrative Reserve Bank may assign an institution a zero net debit cap if the institution does not meet the criteria for accessing uncollateralized intraday credit capacity. Similarly, an institution eligible for uncollateralized intraday credit capacity may voluntarily elect to maintain no uncollateralized intraday credit capacity. In both of these scenarios, no board of directors' resolution is required.

Financially healthy institutions that incur peak daylight overdrafts up to \$10 million or 20 percent of their risk-based capital or U.S. capital equivalency measure may be assigned a cap, called an "exempt-from-filing cap," by their Administrative Reserve Bank without submitting a board of directors' resolution. However, if an institution wishes to increase its daylight overdraft capacity beyond the limits afforded by an exempt-from-filing cap, it must file a board of directors' resolution with its Administrative Reserve Bank authorizing a higher capacity.<sup>5</sup>

The de minimis cap category allows institutions to incur peak daylight overdrafts up to a cap of 40 percent of their risk-based capital or U.S. capital equivalency measure. Financially healthy institutions that expect to incur daylight overdrafts in excess of the exempt-from-filing limitations, but less than 40 percent of their capital measure, should file a board of directors' resolution with their Administrative Reserve Bank. This category was designed to reduce the burden of performing a self-assessment for those institutions incurring relatively small levels of daylight overdrafts.

Financially healthy institutions that use Federal Reserve intraday credit in amounts that exceed 40 percent of their capital measure should file a board of directors' resolution with their Administrative Reserve Bank and must complete the self-assessment process, which determines whether the risk profile of the institution allows it to obtain a higher cap and, if so, whether it should be an average, above average, or high cap.

As noted above, maximum daylight overdraft capacity allows eligible institutions to request collateralized capacity from their Administrative Reserve Bank in addition to the uncollateralized capacity through their net debit cap. As a result of changes to the PSR policy effective in 2023, eligible institutions with zero, exempt, de minimis, and self-assessed net debit caps may request a maximum daylight overdraft capacity.

The Federal Reserve monitors the compliance of depository institutions with their net debit caps or max cap by using the Federal Reserve Bank's Account Balances Service ex post monitoring system. An institution that exceeds its net debit cap or max cap may be counseled by its Administrative Reserve Bank. If an institution continues to exceed its net debit cap or max cap, or if it poses an excessive credit risk, the institution's payment activity may be monitored in real time using the Administrative Reserve Banks' Account Balance Services/Settlement Services application, where Fedwire funds transfers, net settlement transactions, and ACH credit

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<sup>5</sup> The Administrative Reserve Bank is responsible for the administration of Federal Reserve credit, reserves, and risk-management policies for a given institution or other legal entity.

originations that would cause the institution's account balance to exceed its net debit cap or max cap would be rejected or delayed.

The Board consulted with Reserve Banks in developing the collections associated with the Report of Net Debit Cap and Max Cap Resolution. The information that depository institutions provide to Administrative Reserve Banks when requesting intraday credit is not available from other sources.

## **Description of Information Collection**

The reporting panel includes all financially healthy depository institutions with access to the discount window and which wish to establish capacity for daylight overdrafts in their Federal Reserve accounts. Depository institutions that are assigned zero net debit caps or exempt net debit caps do not have to file board of directors' resolutions with their Administrative Reserve Banks. Institutions that apply for and are allowed a de minimis net debit cap, a self-assessed net debit cap, or a max cap, must file a board of directors' resolution. Institutions are required to submit the resolutions at least annually.

A de minimis cap can be adopted by an institution if it limits its daylight overdrafts to 40 percent of its capital measure. In this case, the institution files a de minimis cap resolution, the first resolution.

Depository institutions seeking capacity for daylight overdrafts greater than that afforded by the exempt or de minimis caps must complete a self-assessment. The self-assessment takes into consideration a depository institution's creditworthiness, intraday funds management and controls, customer credit policies, operating controls, and contingency procedures. (A self-assessment is required for average, above average, or high cap categories.) The results of the self-assessment must be reviewed and approved by the institution's board of directors. The directors' approval must be communicated to the Administrative Reserve Bank by submission of a board of directors' resolution, the second resolution. The Administrative Reserve Bank will ensure that the cap resolution is complete and the cap requested is appropriate. The work papers supporting the self-assessment and resolution should be retained by the institution for review by its primary supervisor.

Depository institutions that seek additional daylight overdraft capacity should consult with its administrative Reserve Bank. In evaluating a depository institution's request, the Administrative Reserve Bank will review the institution's daylight overdraft levels and financial condition, and written business justification (in the rare cases where one is needed). In addition to ensuring that the institution has explored other alternatives for addressing intraday liquidity problems, the Administrative Reserve Bank will consult the institution's primary regulator as well as Administrative Reserve Bank staff from the discount window and legal areas. If an institution is requesting collateralized capacity for the first time, it must submit a resolution from its board of directors indicating its board's approval of the requested max cap; this constitutes the third resolution. Changes to collateralized capacity previously approved by Reserve Banks will also require a board of directors' resolution.

In February 2023 the Board adopted changes to the PSR policy that expanded access to collateralized capacity under the max cap program to include all domestic institutions with a Prompt Corrective Action designation of undercapitalized, adequately capitalized, or well capitalized. The changes also expanded access to collateralized capacity under the max cap program to include all foreign banking organizations (FBOs) with an FBO PSR category of undercapitalized, sufficiently capitalized, or highly capitalized. As part of the changes, institutions are no longer required to obtain one of the self-assessed net debit caps to obtain collateralized capacity through the max cap program.

The changes eliminated, in most cases, the requirements that an institution provide (1) a business case outlining its need for collateralized capacity<sup>6</sup> and (2) an annual board of directors' resolution approving its collateralized capacity. To facilitate these changes to the PSR policy, the Board amended the requirements associated with the third resolution so that an eligible institution can request collateralized capacity regardless of whether the institution is requesting a self-assessed net debit cap. Therefore, the third resolution can be used by eligible institutions to request collateralized capacity where the institution has a zero, exempt, de minimis, or self-assessed net debit cap.<sup>7</sup>

The collection of information involves the use of the electronic submission of responses by eligible institutions to the Administrative Reserve Banks using electronic mail. The Board understands that respondents use information technology to comply with these provisions, including for storing board of directors' resolutions and applicable workpapers, such as the institution's self-assessment worksheets.

### **Respondent Panel**

The FR 2226 panel comprises all depository institutions with a master account at an Administrative Reserve Bank that are eligible to access the discount window and are eligible to request uncollateralized capacity through a net debit cap (where eligibility is dependent on both supervisory ratings as well as capital ratios of the depository institution) and/or collateralized capacity (where eligibility is based primarily on the institution's capital ratios).<sup>8</sup>

### **Frequency and Time Schedule**

Generally, depository institutions must annually file the FR 2226 with their Administrative Reserve Bank. However, whether an annual FR 2226 is required depends on the requested intraday credit capacity. For depository institutions requesting a de minimis or self-assessed net debit cap, the FR 2226 is required at least annually,<sup>9</sup> as of the date on which the board of directors approved the resolution(s). Annual submission is not required for zero and

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<sup>6</sup> An institution must provide a business-case justification if the institution requests a max cap in excess of its capital measure multiplied by 2.25; or the Administrative Reserve Bank exercises discretion to require that the institution submit a business-case justification due to recent developments in the institution's condition.

<sup>7</sup> The PSR policy change public comment period was in 2021 (86 FR 29776) and the changes were adopted in 2022 (87 FR 75254).

<sup>8</sup> For additional details on eligibility see Sections. II.D and II.E of part II of the PSR policy.

<sup>9</sup> Depository institutions may file more frequently if requesting a new net debit cap category.

exempt net debit caps. Similarly, depository institutions do not have to annually file the FR 2226 if they are not changing the amount of their collateralized capacity. The PSR policy requires submission on the anniversary of the date on which the board of directors approved the resolution(s). Institutions file the resolution(s) directly with their Administrative Reserve Banks and keep current copies of the resolutions on file for examiner review. The Administrative Reserve Banks enter the net debit cap and collateralized capacity information into an ex post monitoring system and forward the information to the institutions' primary supervisors for examination purposes.

### **Proposed Revisions to the FR 2226**

The Board proposes to revise the FR 2226 to take into account existing recordkeeping provisions in the PSR policy that have not been included in previous clearances. The resolutions and self-assessment supporting documentation should be retained for review by the institution's primary supervisor.

### **Public Availability of Data**

There are no data related to this information collection available to the public.

### **Legal Status**

The FR 2226 is authorized pursuant to sections 11, 16, and 19 of the Federal Reserve Act. 12 U.S.C. §§ 248(i), 248-1, 464. The obligation to respond is required for the institution to obtain the benefit of an increase in daylight overdraft capacity beyond the limit afforded by the exempt-from-filing cap.

The disclosure of information collected on the FR 2226 is exempt from disclosure under exemption (b)(4) of the Freedom of Information Act (FOIA), which exempts from disclosure "trade secrets and commercial or financial information obtained from a person and privileged or confidential." 5 U.S.C. § 552(b)(4). In addition, information reported in connection with the second and third resolutions may be protected under section (b)(8) of FOIA, to the extent that such information is based on the institution's CAMELS rating, and thus is related to examination reports prepared by, on behalf of, or for the use of an agency responsible for the regulation or supervision of financial institutions. 5 U.S.C. § 552(b)(8).

### **Consultation Outside the Agency**

There has been no consultation outside the Federal Reserve System.

### **Public Comments**

On September 29, 2025, the Board published an initial notice in the *Federal Register* (90 FR 46596) requesting public comment for 60 days on the extension, with revision, of the FR 2225. The comment period for this notice expires on November 28, 2025.

## Estimate of Respondent Burden

As shown in the table below, the estimated total annual burden for the FR 2226 is 890 hours and would increase to 1,096 hours with the proposed revisions. The number of respondents is based on the number of FR 2226 filings received in the past year. The average hours per response is based on the estimate that the FR 2226 filing would require one person to spend 1 to 1.5 hours to complete, depending on the intraday credit capacity requested. As an example, self-assessed net debit caps typically take longer to complete. The burden estimate was confirmed using the standard Board burden calculation methodology. These reporting and recordkeeping requirements represent less than 1 percent of the Board's total paperwork burden.

<b>FR 2226</b>	<i>Estimated number of respondents<sup>10</sup></i>	<i>Estimated annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
<b>Current</b>				
<b>Reporting</b>				
De minimis cap Non-FBOs	676	1	1	676
De minimis cap FBOs	20	1	1	20
Self-assessed cap Non-FBOs	104	1	1.5	156
Self-assessed cap FBOs	13	1	1.5	20
Maximum daylight overdraft capacity	12	1	1.5	<u>18</u>
<i>Current Total</i>				890
<b>Proposed</b>				
<b>Reporting</b>				
De minimis cap Non-FBOs	676	1	1	676
De minimis cap FBOs	20	1	1	20
Self-assessed cap Non-FBOs	104	1	1.5	156
Self-assessed cap FBOs	13	1	1.5	20
Maximum daylight overdraft capacity	12	1	1.5	18
<b>Recordkeeping</b>	825	1	0.25	<u>206</u>
<i>Proposed Total</i>				1,096
<i>Change</i>				206

<sup>10</sup> Of these respondents to this information collection, 312 respondents are considered small entities as defined by the Small Business Administration (i.e., entities with less than \$850 million in total assets). Size standards effective March 17, 2023. See <https://www.sba.gov/document/support-table-size-standards>. Small or infrequent users of intraday credit can request the exempt from filing net debit cap category, which does not require an annual FR 2226 submission. Therefore, while eligibility for the exempt from filing net debit cap is not based on an institution's asset size, many small institutions may benefit from the burden-reducing effects of the exempt from filing net debit cap category.

The estimated total annual cost to the public for the FR 2226 information collection is \$64,214 and would increase to \$79,076 with the proposed revisions.<sup>11</sup>

### **Sensitive Questions**

These collections of information contain no questions of a sensitive nature, as defined by OMB guidelines.

### **Estimate of Cost to the Federal Reserve System**

The estimated cost to the Federal Reserve System for collecting and processing the FR 2226 is negligible.

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<sup>11</sup> Total cost to the responding public is estimated using the following formula: total burden hours, multiplied by the cost of staffing, where the cost of staffing is calculated as a percent of time for each occupational group multiplied by the group's hourly rate and then summed (30% Office & Administrative Support at \$24, 45% Financial Managers at \$87, 15% Lawyers at \$88, and 10% Chief Executives at \$126). Hourly rates for each occupational group are the (rounded) mean hourly wages from the Bureau of Labor Statistics (BLS), Occupational Employment and Wages, May 2024, published April 2, 2025, <https://www.bls.gov/news.release/ocwage.t01.htm#>. Occupations are defined using the BLS Standard Occupational Classification System, <https://www.bls.gov/soc/>.