



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D.C. 20551

DIVISION OF BANKING
SUPERVISION AND REGULATION

SR 15-6

April 6, 2015

**TO THE OFFICER IN CHARGE OF SUPERVISION
AT EACH FEDERAL RESERVE BANK**

**SUBJECT: Interagency Frequently Asked Questions (FAQs) on the Regulatory Capital
Rule¹**

Applicability: This guidance applies to state member banks, bank holding companies, and savings and loan holding companies (not substantially engaged in insurance underwriting or commercial activities) supervised by the Federal Reserve, including those with \$10 billion or less in consolidated assets.

The Federal Reserve, together with the Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation (the agencies), is issuing the attached FAQs in response to questions from regulated institutions about the agencies' regulatory capital rule. Unless otherwise noted, all FAQs are interpretations and serve to clarify expectations concerning the regulatory capital rules. The FAQ topics include, but are not limited to:

- The definition of capital,
- High-volatility commercial real estate (HVCRE) exposures,
- Real estate and off-balance-sheet exposures,
- Equity exposures to investment funds,
- Qualifying central counterparty, and
- Credit valuation adjustment.

FAQs that are relevant only for advanced approaches banking organizations are marked with an asterisk (*). In addition, this SR letter identifies below several other SR letters that are superseded as being no longer applicable.

¹ See 78 *Fed. Reg.* 62018 (October 11, 2013). The Board's regulatory capital rule is codified at 12 CFR 217 (Regulation Q).

Reserve Banks are asked to distribute this letter and the FAQs to the state member banks, bank holding companies, and relevant savings and loan holding companies in their districts and to appropriate supervision staff. As the agencies anticipate issuing additional FAQs in response to questions from institutions, the Federal Reserve will periodically update the FAQ document that is attached to this SR letter.

Questions concerning the regulatory capital rule and attendant FAQs should be directed to the following staff in the Board's Capital and Regulatory Policy Section: Andrew Willis, Supervisory Financial Analyst, at (202) 912-4323, Justyna Milweski, Senior Financial Analyst, at (202) 452-3607, or Matthew McQueeney, Senior Financial Analyst, at (202) 452-2942. In addition, questions may be sent via the Board's public website.²

Maryann F. Hunter
Deputy Director

Attachment:

- *Frequently Asked Questions on the Regulatory Capital Rule*

Cross references to:

- SR letter 13-19, "Guidance on Managing Outsourcing Risk"
- SR letter 10-16, "Interagency Appraisal and Evaluation Guidelines"

Superseded SR letters:

- SR letter 10-4, "Clarification of the Risk Weight for Claims on or Guaranteed by the FDIC"
- SR letter 05-13, "Interagency Guidance on the Eligibility of Asset-Backed Commercial Paper Program Liquidity Facilities and the Resulting Risk-Based Capital Treatment"
- SR letter 02-16, "Questions and Answers on the Capital Treatment of Recourse, Direct Credit Substitutes, and Residual Interests in Asset Securitizations"
- SR letter 02-12, "Regulatory Capital Treatment of Accrued Interest Receivables Related to Credit Card Securitizations"
- SR letter 02-4, "Final Capital Rules for Nonfinancial Equity Investments"
- SR letter 99-32, "Capital Treatment for Synthetic Collateralized Loan Obligations"

² <http://www.federalreserve.gov/apps/contactus/feedback.aspx>.