



BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, DC 20551

JAN 4 2019

Mr. Peter J. Morgan III
Senior Vice President and
Deputy General Counsel
The Charles Schwab Corporation
211 Main Street
San Francisco, California 94105

Dear Mr. Morgan:

This letter responds to the request dated October 25, 2018, on behalf of The Charles Schwab Corporation (“CSC”), San Francisco, California, for an extension of time until June 30, 2020, to submit an implementation plan to the Board, pursuant to section 217.121(b)(1) of the Board’s Regulation Q, and to begin to comply with the advanced approaches capital adequacy framework (“advanced approaches rule”) and the related reporting requirements applicable to banking organizations with total consolidated assets equal to \$250 billion or more (the “\$250 billion threshold”).¹

As of June 30, 2018, CSC reported total consolidated assets of \$262 billion, causing CSC to exceed the \$250 billion threshold for application of the advanced approaches rule. Under the Board’s regulations, a banking organization that exceeds the \$250 billion threshold becomes subject to a number of capital, liquidity, and other prudential standards.² In particular, within six months of becoming subject to the advanced approaches rule, firms are required to adopt and file with the Board a written implementation plan addressing how the firm complies, or plans to comply, with the requirements of the advanced approaches rule.³

CSC has represented that completing the implementation plan within the prescribed regulatory timeframe will be difficult due to the overlap in work already underway on

¹ See 12 CFR 217.121(b)(1); 12 CFR 217 subpart E.

² For example, these standards include the supplementary leverage ratio (12 CFR 217.10(c)(4)); the liquidity coverage ratio rule, or “LCR” rule (12 CFR 249.10); and associated reporting requirements, including the FFIEC 101 and FR 2052a reports.

³ See 12 CFR 217.121(b)(1).

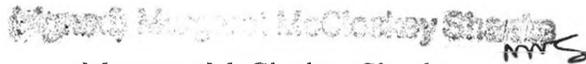
risk-management projects to address supervisory expectations. CSC further asserts that pursuing both efforts simultaneously would be costly, inefficient, and burdensome, and that the requested extension would provide time for staff with relevant expertise to continue to focus their efforts on CSC's risk-management framework.⁴ The extension of time would not impact CSC's capital adequacy.

Acting pursuant to authority delegated by the Board and having considered all relevant facts, the Secretary of the Board has approved CSC's request for an extension of time. Accordingly, CSC is granted an extension of time, until June 30, 2020, to submit an implementation plan to the Board, pursuant to section 217.121(b)(1) of the Board's Regulation Q, and to begin to comply with the advanced approaches rule and FFIEC 101 risk-based capital reporting requirements. This action is based on all the facts of record, including the information discussed above, and the representations in your submissions. Any material change in those facts or representations could affect this approval and should be communicated promptly to Board staff.

This action may be revised or revoked, based on evolving industry standards, evolving supervisory standards, changed circumstances at the firm, changes to applicable regulations, or other relevant factors.

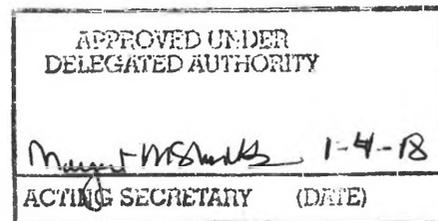
Please contact Richard Young, Division of Supervision and Regulation, at (202) 245-4255, if you have any questions.

Very truly yours,



Margaret McCloskey Shanks
Deputy Secretary of the Board

cc: John Buchman, Managing Director and Regulatory Counsel, Charles Schwab
Kirsten Muetzel, Director, Federal Reserve Bank of San Francisco



⁴ CSC indicates that the request for an extension of time is limited to the filing of an implementation plan and compliance with the advanced approaches rule, and that it is not requesting a deferral of any other regulatory capital related requirements applicable to an advanced approaches Board-regulated institution.