



**BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM**

WASHINGTON, D.C. 20551

DIVISION OF SUPERVISION
AND REGULATION

SR 25-5

October 22, 2025

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

SUBJECT: Regulatory Capital Instrument Issuance by Mutual Banking Organizations

Applicability: This letter applies to all mutual banking organizations regulated by the Federal Reserve, regardless of asset size.

The Board of Governors of the Federal Reserve System (Board) is issuing this letter to make mutual banking organizations aware of recently issued Frequently Asked Questions (FAQs) in the Legal Interpretations of Regulation Q and Regulation MM. The FAQs clarify the process for Board-regulated mutual banking organizations to issue capital instruments that qualify as regulatory capital. The FAQs include template term sheets that a Board-regulated mutual banking organization can reference when considering the issuance of qualifying regulatory capital instruments. The FAQs and template term sheets are published on the Board's public website.¹

The FAQs aim to assist Board-regulated mutual banking organizations in issuing regulatory capital instruments that comply with regulations administered by the Board. The Board may periodically update the FAQs. Accordingly, mutual banking organizations are encouraged to check the Board's public website for revisions to previously issued FAQs. In particular, the Board is interested in feedback and reactions to the proposed templates and will consider any comments or feedback received by June 30, 2026, after which updates or revisions to the template will be considered. Feedback or reactions on the proposed templates may be sent to Mutual.Bank.Capital@frb.gov.

¹ See <https://www.federalreserve.gov/supervisionreg/legalinterpretations/reg-q-frequently-asked-questions.htm> and <https://www.federalreserve.gov/supervisionreg/legalinterpretations/reg-mm-frequently-asked-questions.htm>.

Reserve Banks should distribute this SR letter to supervised mutual banking organizations in their districts and to appropriate supervisory staff. Questions regarding this SR letter may be sent via the Board's public website.²

Mary L. Aiken
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² See <https://www.federalreserve.gov/apps/contactus/feedback.aspx>.