



441 G St. N.W.
Washington, DC 20548

B-332218

June 10, 2020

The Honorable Mike Crapo
Chairman
The Honorable Sherrod Brown
Ranking Member
Committee on Banking, Housing, and Urban Affairs
United States Senate

The Honorable Maxine Waters
Chairwoman
The Honorable Patrick McHenry
Ranking Member
Committee on Financial Services
House of Representatives

Subject: *Federal Reserve System: Regulations Q, Y, and YY: Regulatory Capital, Capital Plan, and Stress Test Rules*

Pursuant to section 801(a)(2)(A) of title 5, United States Code, this is our report on a major rule promulgated by the Board of Governors of the Federal Reserve System (Board) entitled "Regulations Q, Y, and YY: Regulatory Capital, Capital Plan, and Stress Test Rules" (RIN: 7100-AF02). We received the rule on May 20, 2020. It was published in the *Federal Register* as a final rule on March 18, 2020. 85 Fed. Reg. 15576. The effective date of the rule is May 18, 2020.

The Board stated the final rule would integrate the Board's regulatory capital rule (capital rule) with the Comprehensive Capital Analysis and Review as implemented through the Board's capital plan rule (capital plan rule). According to the Board, the final rule amends the capital rule, capital plan rule, stress test rules, and Stress Testing Policy Statement. The Board stated that it will use the results of its supervisory stress test to establish the size of a firm's stress capital buffer requirement, which replaces the static 2.5 percent of risk-weighted assets component of a firm's capital conservation buffer requirement. According to the Board the final rule applies to bank holding companies and U.S. intermediate holding companies of foreign banking organizations that have \$100 billion or more in total consolidated assets.

The Congressional Review Act requires a 60-day delay in the effective date of a major rule from the date of publication in the *Federal Register* or receipt of the rule by Congress, whichever is later. 5 U.S.C. § 801(a)(3)(A). The *Congressional Record* does not reflect the date of receipt by either House of Congress. The rule was published in the *Federal Register* on March 18, 2020, and has a stated effective date of May 18, 2020. 85 Fed. Reg. 53. The final rule does not have the required 60-day delay in effective date.

Enclosed is our assessment of the Board's compliance with the procedural steps required by section 801(a)(1)(B)(i) through (iv) of title 5 with respect to the rule. If you have any questions about this report or wish to contact GAO officials responsible for the evaluation work relating to the subject matter of the rule, please contact Shari Brewster, Assistant General Counsel, at (202) 512-6398.

A handwritten signature in cursive script that reads "Shirley A. Jones". The signature is written in black ink and is positioned above the typed name and title.

Shirley A. Jones
Managing Associate General Counsel

Enclosure

cc: Linda Robertson
Assistant to the Board of Governors
of the Federal Reserve System

REPORT UNDER 5 U.S.C. § 801(a)(2)(A) ON A MAJOR RULE
ISSUED BY THE
BOARD OF GOVERNORS OF THE
FEDERAL RESERVE SYSTEM
ENTITLED
“REGULATIONS Q, Y, AND YY: REGULATORY CAPITAL,
CAPITAL PLAN, AND STRESS TEST RULES”
(RIN: 7100-AF02)

(i) Cost-benefit analysis

In its submission to us, the Board of Governors of the Federal Reserve System (Board) indicated that it did not prepare an analysis of the costs and benefits of this final rule.

(ii) Agency actions relevant to the Regulatory Flexibility Act (RFA), 5 U.S.C. §§ 603-605, 607, and 609

The Board certified that the final rule will not have a significant economic impact on a substantial number of small entities.

(iii) Agency actions relevant to sections 202-205 of the Unfunded Mandates Reform Act of 1995, 2 U.S.C. §§ 1532-1535

As an independent regulatory agency, the Board is not subject to the Act.

(iv) Other relevant information or requirements under acts and executive orders

Administrative Procedure Act, 5 U.S.C. §§ 551 *et seq.*

On April 10, 2018, the Board issued a proposed rule. 83 Fed. Reg. 18160. The Board received 26 comments in response to the proposed rule. Comments were received from banking organizations, public interest groups, private individuals, and other interested parties. The Board responded to the comments in the final rule.

Paperwork Reduction Act (PRA), 44 U.S.C. §§ 3501-3520

The Board determined this final rule contained information collection requirements (ICR) subject to the Act. The ICRs are associated with the following Office of Management and Budget control numbers: 7100-0128; 7100-0341; and 7100-0342. The Board stated it estimated the annual burden hours associated for each ICR.

Statutory authorization for the rule

The Board stated it promulgated the final rule pursuant to sections 248, 321-338a, 481-486, 1462a, 1467a, 1817, 1818, 1828, 1831i, 1831n, 1831o, 1831p-1, 1831w, 1835, 1843, 1844, 1851, 1972, 3101 *et seq.*, 3101 note, 3106, 3108, 3310, 3331-3351, 3904, 3906-3909, 4808, 5361, 5362, 5365, 5366, 5367, 5368, and 5371 of title 12; and sections 1681s, 1681w, 6801, and 6805 of title 15, United States Code.

Executive Order No. 12,866 (Regulatory Planning and Review)

As an independent regulatory agency, the Board is not subject to the Order.

Executive Order No. 13,132 (Federalism)

As an independent regulatory agency, the Board is not subject to the Order.