



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

B-337967

December 30, 2025

The Honorable Tim Scott
Chairman
The Honorable Elizabeth Warren
Ranking Member
Committee on Banking, Housing, and Urban Affairs
United States Senate

The Honorable French Hill
Chairman
The Honorable Maxine Waters
Ranking Member
Committee on Financial Services
House of Representatives

Subject: *Federal Reserve System: Revisions to the Large Financial Institution Rating System and Framework for the Supervision of Insurance Organizations*

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 (FRB) entitled "Revisions to the Large Financial Institution Rating System and Framework for the Supervision of Insurance Organizations" (Docket No. OP-1868). We received the rule on December 15, 2025. It was published in the *Federal Register* on November 17, 2025. 90 Fed. Reg. 51329. The stated effective date of the rule is January 16, 2026.

According to FRB, this rule adopts a final notice to, among other things, revise FRB's Large Financial Institution rating system and the rating system for depository institution holding companies significantly engaged in insurance activities to more appropriately identify as "well managed" firms that have sufficient financial and operational strength and resilience to maintain safe and sound operations through a range of conditions.

The Congressional Review Act (CRA) 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). This rule was published in the *Federal Register* on November 17, 2025. 90 Fed. Reg. 51329. The *Congressional Record* reflects that the House of Representatives received the rule on December 15, 2025. 171 Cong. Rec. H6020 (Dec. 17, 2025). The *Congressional Record* does not yet reflect the date of receipt by the Senate. According to documents submitted by FRB, the Senate received the rule on December 12, 2025. Email from FRB to GAO, Subject: RE: Submission of Federal Rule from the Federal Reserve (Dec. 17, 2025). The stated effective date of the rule is January 16, 2026. Therefore, the stated effective date is less than 60 days from the date of receipt by Congress.

Enclosed is our assessment of FRB'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 me at (202) 512-8156.

A handwritten signature in black ink, reading "Shirley A. Jones". The signature is written in a cursive, flowing style with a large initial 'S'.

Shirley A. Jones
Managing Associate General Counsel

Enclosure

cc: Jennifer Gallagher
Assistant to the Board
Federal Reserve System

REPORT UNDER 5 U.S.C. § 801(a)(2)(A) ON A MAJOR RULE
ISSUED BY THE
FEDERAL RESERVE SYSTEM
ENTITLED
“REVISIONS TO THE LARGE FINANCIAL INSTITUTION RATING SYSTEM AND
FRAMEWORK FOR THE SUPERVISION OF INSURANCE ORGANIZATIONS”
(DOCKET NO. OP-1868)

(i) Cost-benefit analysis

The Board of Governors of the Federal Reserve System (FRB) prepared an analysis of the costs and benefits for this rule. See 90 Fed. Reg. 51329, 51339–51342 (Nov. 17, 2025). FRB concluded that the rule’s revisions to the Large Financial Institution rating system and Insurance Supervisory Framework (Frameworks) could, among other things, alleviate constraints faced by large financial institutions and supervised insurance organizations arising from the current requirements for a firm to be considered “well managed.” *Id.* at 51341. FRB stated that it expects that the benefits of the changes to the Frameworks justify the costs. *Id.* at 51341–51342.

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

FRB certified that this rule will not have a significant economic impact on a substantial number of small entities. 90 Fed. Reg. at 51342.

(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, FRB 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 July 15, 2025, FRB published a notice and request for comment. 90 Fed. Reg. 31641. FRB stated that it received 10 comments from industry groups, public interest groups, academics, Members of Congress, and other interested parties. See *id.* at 51332. FRB responded to comments in the rule. See *id.* at 51332–51335.

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

FRB determined that this rule does not contain an information collection subject to the Act. 90 Fed. Reg. at 51342.

Statutory authorization for the rule

FRB promulgated this rule pursuant to the Bank Holding Company Act of 1956, ch. 240, 70 Stat. 133, and Public Law 111-203, 124 Stat. 1376 (July 21, 2010).

Executive Order No. 12866 (Regulatory Planning and Review)

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

Executive Order No. 13132 (Federalism)

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