Transcript of Open Board Meeting

October 31, 2018

CHAIRMAN POWELL. I'd like to welcome our guests here at the Federal Reserve and also our online viewers.

Today, we're going to consider proposals that would more closely tailor our prudential standards to match the overall risk profiles of the institutions that we regulate. These proposals apply the discretion granted to us by the recently enacted Economic Growth, Regulatory Relief, and Consumer Protection Act. In that act, Congress charged the Board with tailoring its regulations for firms with less than $250 billion in assets based on factors related to the risks a firm poses. We will continue to incorporate size into our evaluations of risk, but size will be only one factor. The proposals we're considering today would enhance our framework by introducing additional measures of risk.

The principle of tailoring regulatory requirements to a firm's specific risks is a long-standing practice of the Board, and it works in both directions. The proposals before us would prescribe materially less stringent requirements on firms with less risk, while maintaining the most stringent requirements for firms that pose the greatest risks to the financial system and our economy. The proposals also seek to maintain a middle ground for those firms that are clearly in the middle. Congress and the American people rightly expect us to achieve an effective and efficient regulatory regime that keeps our financial system strong and protects our economy, while imposing no more burden than is necessary.

As Fed staff will soon explain in more detail, the Board is considering proposing four categories of regulatory standards based on the characteristics of the firms in each category. The effect of our proposals is a significant and tailored reduction in compliance burden, while maintaining the gains we have made in building a safer and more resilient financial system. I look forward to hearing the staff presentations on the proposals before us today, but we'll first turn to Vice Chair Quarles for his statement.

VICE CHAIRMAN FOR SUPERVISION QUARLES. Thank you. Thank you, Mr. Chairman. Good morning. I want to begin by thanking our staff for the formidable effort that stands behind the proposals that are before us today. Congress passed the Economic Growth, Regulatory Relief, and

Consumer Protection Act barely five months ago, and completing the thorough analysis and detailed drafting for a major regulatory proposal in that handful of months, over a year ahead of the statutory deadline, has required ardent focus and dedication that is well beyond the norm. Fundamentally, these proposals embody an important principle: the character of regulation should match the character of a firm. We've learned a lot in the period since the crisis about how to assess both sides of that tailoring equation. And, up to now, the Board has accomplished this alignment through the simple sorting mechanisms of asset size and international exposure. But, as our experience with measuring the risk profile and systemic footprint of large firms has increased over the past 10 years, we have developed more risk-sensitive proxies, ones that relate more directly to the interconnectedness and complexity of firms, to assess the character of the firms we regulate and to determine the regulatory and supervisory frameworks that should apply to them.

So, let me spend a few minutes focusing on the U.S. banking firms with total assets between $100 billion and $250 billion. These are firms that for the most part do not exhibit meaningful levels of interconnectedness and complexity. And, as a result and in accordance with the clear presumption in our instructions in the law we're implementing, the liquidity coverage ratio and the proposed net stable funding ratio requirements would be eliminated for these firms. But liquidity risk obviously still exists for these firms and, accordingly, liquidity requirements wouldn't disappear altogether. The firms' internal liquidity stress testing, risk management, and reporting requirements would continue, although liquidity stress testing and reporting would become less frequent. For capital, these firms would move to a two-year cycle for supervisory stress testing, and would no longer be subject to the statutory company-run stress testing requirements. Now, while this proposal obviously won't be final in time to be formally effective for the 2019 supervisory stress tests, I expect that the Board will move promptly to vote on action making 2019 an 'off-cycle' year, in which we would rely more on normal-course supervisory tools. Effecting the two-year cycle for firms in this size range as soon as possible would provide immediate burden relief consistent with the statute's intent.

Now, turning to those firms with greater than $250 billion in assets, but that aren't global systemically important banks, the proposal notably modifies an important aspect of their standardized liquidity regulation. These firms would move from being subject to the full LCR and NSFR when it is finalized, to a modified LCR calibrated at a level in the range of 70-85 percent of the full LCR. A reduction in this range is appropriate because most U.S. banking firms in this group are not engaged in complex activities and have more stable funding than systemic banks given their relatively traditional business models. At the same time, the proposed requirements recognize the importance for firms of this size to still be subject to significant standardized liquidity standards, as well as internal liquidity stress testing and risk management requirements.

The purpose of the package of proposed changes is simply to continue the Fed's longstanding program of tailoring regulations appropriately given the size and risk of differing categories of firms. It is obviously not to reduce the capital adequacy or liquidity resiliency of the U.S. regional banking companies, and it does not. To illustrate that, let me take a moment to share the impact in a broader perspective. The total amount of capital maintained by large bank holding companies that are subject to stress testing requirements is currently about $1.3 trillion. The cumulative effect of the proposed changes we're considering today would result in a decrease of $8 billion of required capital, or a change of six tenths of one percent. On the liquidity side, the same set of firms maintains approximately $3.1 trillion of high quality liquid assets. In evaluating the cumulative effect of the proposed changes, the correct measure, obviously, is not how many percentage points there are in the relevant filter that we apply to the full LCR in determining the modified LCR for these firms, but what is the actual result of applying that modified LCR to the high quality liquid assets maintained by these firms. Performing that calculation, there'd be a reduction of between two to two and a half percent of high quality liquid assets, depending on where the final rule ultimately lands in the proposed 70-85 percent range of the applicable filter.

Now, although the regulatory relief from these proposals may be modest in the grand aggregate, for many of the affected firms individually the changes should meaningfully reduce the compliance burden associated with their regulation. As a result, I am hopeful that firms will see reduced regulatory

complexity and easier compliance with no decline in the resiliency of the U.S. banking system. And, I'll look forward to hearing staff's presentations of the details of these proposals, and will now turn it over to Mike Gibson, the director of supervision and regulation.

MICHAEL GIBSON. Thank you, Vice Chairman Quarles. The proposals before the Board would build on the Board's existing practice of differentiating the enhanced prudential standards that apply to banking organizations based on their risk profiles. The case for tailoring is clear. Different firms pose different degree of risk to financial stability and have different challenges to safety and soundness. To that end, these firms should be regulated differently.

Since the financial crisis, the Board has made significant changes to its regulatory framework for large banking organizations, which have strengthened the resiliency of these firms in the financial system more broadly. This includes higher amounts of better quality capital, a robust stress testing regime, more resilient liquidity positions, and improvements in resolvability. The proposals would continue the process of refining this framework. In particular, they would provide for greater differentiation in the requirements that apply to firms based on risk and expand the criteria used to distinguish firms by risk. This approach would also be consistent with the Economic Growth, Regulatory Relief, and Consumer Protection Act. To determine the standards that apply, the proposals would distinguish firms on size as well as other factors. Research by Federal Reserve staff shows that stress among larger banks does more significant harm to the economy than stress at smaller banks, even after controlling for the aggregate size of bank failures. This presents a strong empirical case for tailoring based on size.

That said, size is not the only way to measure risk, and the proposals recognize this by incorporating other indicators in addition to size that measure a firm's risks. As the risks of a firm increase, as measured by these indicators, the proposals would subject firms to more stringent standards. This approach would promote consistency in the treatment of similarly situated firms while accounting for a diversity of business models. The proposals would tailor capital liquidity and other prudential requirements for domestic firms with total assets of $100 billion or more. Among these firms, the proposals would make no changes to the capital or liquidity requirements for U.S. G-SIBs. The G-SIBs

account for more than 50 percent of total banking assets in the United States and have the potential to pose the largest risks to financial stability. Accordingly, these firms would remain subject to the most stringent standards. The proposals would provide the most significant reduction in compliance requirements for firms in the lowest category of risk, which would include most of the firms that currently have $100 billion to $250 billion in total assets. The relief would be substantial for these firms and provide a meaningful reduction in compliance burden. These firms comprise about 8% of domestic holding company assets in the United States.

In addition to the proposals before the Board today, staff intends to present three further tailoring proposals to the Board in the near future. The first would consider tailoring of prudential standards for the U.S. operations of foreign banking organizations based on the categories in the proposals. Taking into consideration the structures through which these foreign firms conduct business in the United States. The second would align the Board's capital plan rule with the proposed tailoring categories, taking into account the Board's stress capital buffer proposal. The third related proposal would address resolution planning requirements and would be joint with the FDIC. I will now turn to my colleagues, Brian Chernoff and Asad Kudiya who will discuss the proposals before the board today in more detail.

BRIAN CHERNOFF. Thank you, Mike. The proposals the Board is considering today would establish a revised framework for applying prudential standards to large U.S. banking organizations. Specifically, the proposals would establish categories of prudential standards to further align requirements with the firm's risk profile and apply consistent standards across similarly situated firms. The proposals consist of two separate federal register notices. The first is a Board only proposal that would tailor prudential standards relating to capital and liquidity stress testing, liquidity risk management and buffer requirements, risk management, and single counter party credit limits. The second is an interagency proposal with the OCC and the FDIC that would tailor requirements under the agency's capital rule, liquidity coverage ratio rule, and proposed net stable funding rule. Both proposals would be open for public comment through January 22, 2019.

I will begin by introducing the proposed framework. Asad Kudiya will, then, discuss the requirements that would apply in each category under the proposed framework. Our colleagues will help answer questions about the details of the proposals following staff's prepared remarks.

The proposals build on the Board's existing practice of tailoring capital, liquidity, and other requirements based on the size, complexity, and overall risk profile of banking organizations. The proposals would also be consistent with changes made by the Economic Growth, Regulatory Relief, and Consumer Protection Act to the statutory framework for enhanced prudential standards. The Act raised the statutory threshold for automatic, general application of enhanced prudential standards to bank holding companies under section 165 of the Dodd-Frank Act from $50 billion to $250 billion in total assets. It also provides the Board with discretion to apply standards to bank holding companies with $100 billion to $250 billion in total assets based on risk related factors.

The proposed framework would apply to U.S. bank holding companies and bank-like savings and loan holding companies that have total assets of $100 billion or more. Capital and liquidity requirements under the inter agency proposal would also apply to depository institutions that meet the relevant criteria and to certain depository institution subsidiaries of covered firms. The proposals would not apply to foreign banking organizations, including U.S. intermediate holding companies, branches, or agencies of a foreign banking organization. As Mike mentioned, staff intends to present a proposal to the Board in the near future regarding tailoring for these firms' U.S. operations.

The proposals would establish four categories of prudential standards that would apply based on indicators of a firm's risks. The most stringent set of standards, category one, would apply to U.S. global systemically important bank holding companies, or G-SIBs. These firms have the potential to pose the greatest risks to financial stability. The second set of standards, category two, would apply to firms that are very large or have significant international activity. The thresholds for this category would be $700 billion in total assets or $75 billion or more in cross jurisdictional activity. The third set of standards, category three, would apply to firms that are below the category one and two thresholds but meet other indicators of risk. The thresholds for this category would be $250 billion or more in total assets or $75

billion or more in weighted, short term wholesale funding, non-bank assets, or off balance sheet exposure. These indicators would identify firms with heightened risk profiles that warrant more stringent standards than smaller and less complex firms. The final set of standards, category four, would apply to firms with $100 billion to $250 billion in total assets that do not meet any of the risk-based triggers for higher standards. These firms would be subjected to the most tailored requirements, reflecting their lesser risk profiles relative to larger and more complex firms. Consistent with the Economic Growth, Regulatory Relief, and Consumer Protection Act and the statements issued by the Board, OCC, and FDIC in July, the proposals would not apply enhanced prudential standards to firms with less than $100 billion in total assets other than risk management requirements. Overall, staff expects the proposals to significantly reduce requirements for firms subject to category four standards, modestly reduce requirements for firms subject to category three standards, and largely keep existing requirements in place for firms subject to category one and two standards.

To determine the category of standards that would apply to a firm, the proposals would use indicators that reflect both safety and soundness and financial stability risk. The first factor, total asset size, provides a simple measure that correlates with the firm's impact correlates with the impact of a firm's failure or distress on the financial system and economy. Larger banking organizations also face safety and soundness risks associated with greater managerial and operational complexity. Cross-jurisdictional activity adds operational complexity in normal times and can complicate the ability to conduct an orderly resolution if a firm fails, particularly in a time of stress. The alliance on short term wholesale funding provides an indicator of a firm's vulnerability to funding runs, which can rapidly erode the financial position of a firm. Among large banking organizations, runs of this type can also transmit distress to other market participants. For example, through asset fire sales. Non-bank assets represent a measure of business and operational complexity and can involve a broader range of risks than those associated with purely banking activities. And, finally, off balance sheet exposure reflects risks of activities that can lead to draws on capital and liquidity in times of stress. For the indicators other than size, the proposals would

set a threshold of $75 billion which would represent a substantial level, as much as 75 percent of the total assets of a firm.

These indicators are not exclusive measures of the risks of large banking organizations, but collectively, they provide a relatively simple and transparent framework for aligning capital, liquidity, and other prudential standards with the risk profile of a firm. The proposals also request comment on potential alternative criteria for tailoring, including a possible approach that would use the G-SIB identification methodology under the Board's G-SIB surcharge rule to determine the appropriate set of standards for a firm. I will now turn to my colleague Asad Kudiya who will discuss the requirements that would apply under each category of standards.

ASAD KUDIYA. Thank you. As Brian noted, the proposals would establish four categories of prudential standards to further differentiate the application of those standards to large U.S. firms consistent with the Economic Growth, Regulatory Relief, and Consumer Protection Act. The visual you have in front of you reflects each of those categories of standards along with the risk profiles of firms to which they would apply.

Starting from the left of the visual, you will see that category one and two standards would be the most stringent. As Mike noted previously, the firms subject to category one standards, U.S. G-SIBs, account for more than 50 percent of total banking assets in the United States and have the potential to pose the greatest risk to U.S. financial stability. The existing post financial crisis framework for U.S. G-SIBs has resulted in significant gains in resiliency and risk management. The proposals would, accordingly maintain the most stringent standards for these firms. The requirements applicable to firms subject to category two standards, which are reflected in the second column of the visual, would also be generally unchanged. These firms are either very large or have substantial international activity, and accordingly would remain subject to very stringent standards under the proposals.

Category three standards, which are reflected in the third column of the visual, would apply to firms with relatively lower risk profiles but that meet other indicators of risk. As a result, while these firms would still be subject to enhanced standards, the proposals would modestly reduce regulatory

compliance requirements for these firms. With respect to capital, these firms would continue to be subject to risk based capital and leverage requirements, and the proposals would largely maintain the existing stress testing standards for these firms. However, the proposals would remove the requirement for these firms to comply with advanced approaches risk based capital requirements, including internal models based capital requirements. The models for applying these requirements require extensive time investment from both supervisors and the firms, and removal of these requirements would not materially change the amount of capital that these firms would be required to maintain. With respect to liquidity, these firms have continued to be subject to the liquidity coverage ratio, or LCR, proposed net stable funding ratio or NSFR, and internal liquidity stress testing requirements, along with enhanced liquidity risk management standards.

The proposals would include the most significant reductions in regulatory compliance requirements for firms subject to category four standards, which is reflected on the fourth column of the visual. As Mike noted, these firms represent only 8 percent of domestic holding company assets in the United States. With respect to capital, the proposals would remove the requirement for these firms to calculate the advanced approaches risk based capital requirements. In addition, the proposals would reduce stress testing requirements for these firms. Currently, these firms are required to conduct their own stress test twice a year and are subject to the Board's Dodd-Frank Act supervisory stress test or DFAST once a year. Under the proposals, these firms would no longer be required to conduct and publicly report the results of a stress test, and the Federal Reserve would subject these firms to the DFAST supervisory stress test on a two year cycle. Supervisory stress testing on a two year cycle would take into account the risk profile of these firms relative to larger, more complex firms. With respect to liquidity, the proposals would remove the current LCR and proposed NSFR requirements for these firms.

The Board liquidity framework for large firms today has two general components, standardized and firm specific standards. Prior to the financial crisis, neither set of these standards applied. The LCR and the NSFR are standardized, quantitative liquidity requirements. In other words, they use the same assumptions for each firm's liquidity stress, which, then, determines the amount of liquid assets that a firm

must hold. Internal liquidity stress testing, by contrast, requires a firm to model its own individual liquidity needs and allows a firm to identify the specific risks it would experience under stress. These stress tests are subject to supervisory monitoring and oversight, and based on the results of the stress test, the firm determines the amount of liquid assets it needs to hold to mitigate those risks. The firms in category four have smaller systemic footprints and more limited size. They also have more traditional balance sheet structures, are largely funded by stable deposits, and have little reliance on less stable, wholesale funding. As a result, the standardized liquidity requirements are less important, but the firms would still be required to conduct internal liquidity stress tests on a quarterly basis and also would be subject to liquidity risk management standards that reflect their risk profile. In other words, these firms would still be required to hold liquid assets in an amount equal to their needs under stress.

In general, and as Brian mentioned previously, the proposals would significantly reduce regulatory compliance requirements for firms subject to category four standards, modestly reduce requirements for firms subject to category three standards, and largely maintain existing requirements for firms subject to category one and category two standards. Looking at capital requirements, the proposals would not modify regulatory capital requirements for firms that would be subject to category one or two standards. For firms that would be subject to category three or four standards, staff expects the proposals to slightly lower capital requirements under current conditions and reduce compliance costs related to capital planning, stress testing, and for certain firms, the advanced approaches capital requirements. The individual impact on capital levels for these firms could vary under different economic and market conditions. Staff estimates that the proposed reduction in LCR and NSFR requirements would moderately reduce liquidity buffers held at firms subject to category three or four standards. The proposals would continue to require these firms to conduct internal liquidity stress tests, and the Federal Reserve will continue to assess the safety and soundness of these firms through the normal course of supervision.

Since liquidity buffers come at cost to banks, and banks may pass along these costs to customers, moderately smaller liquidity buffers would modestly reduce these costs. At the same time, smaller liquidity buffers could moderately increase the likelihood that a firm could experience liquidity pressure

during times of stress. This trade off would reflect the more limited impact of the distress or failure of affected firms would have on the financial system as a whole relative to firms with more significant systemic footprints. This concludes staff's prepared remarks. My colleagues and I would be pleased to answer your questions.

CHAIRMAN POWELL. Thanks very much for those great presentations, and there's now an opportunity for questions. Vice Chair Clarida, do you have any questions?

VICE CHAIRMAN CLARIDA. Thank you. First of all, let me offer my enthusiasm for the work that the staff did on this. It's obviously extensive and very thorough, and I appreciate that. Could you talk a bit more, and I think you eluded to it, as did Vice Chair Quarles, talk a bit more about how these proposed rule changes fit into the Board's previous work on tailoring.

ASAD KUDIYA. Absolutely. As Chair Powell and Vice Chairman Quarles noted, the Board has a longstanding practice to ensure that its prudential regulations align with the risk profile of the subject firms. The proposals you have before you today would build upon the work that the Board has already completed. For example, U.S. G-SIBs are currently subject to the most stringent standards. They are currently subject to a risk-based capital surcharge, an enhanced supplemental leverage ratio, total loss absorbing capacity, and long term debt requirements, along with restrictions on qualified financial contracts. The proposals before you today would continue to apply the most stringent standards to these firms. In addition, the Board recently, recently finalized proposals to remove regulatory compliance requirements for lesser complex firms. For example, the Board removed from the CCAR qualitative assessment firms that were considered large and non-complex. The proposals before you today would build upon that proposal by reducing, further reducing, regulatory compliance requirements on lesser, on firms with a lesser risk profile.

CHAIRMAN POWELL. Question. Vice Chair Quarles?

VICE CHAIRMAN FOR SUPERVISION QUARLES. No. No question.

GOVERNOR BRAINARD. No, I've appreciated very much all the work that staff has put into this, and I've really appreciated the time that they've given me to try to understand these proposals. Thank you.

CHAIRMAN POWELL. Thank you. And, I also feel I've had ample opportunity to ask you questions and hear your answers which I've found satisfactory. So, thank you. And, with that, I'm going to go around and ask Board Members for your positions on this or a statement if you have one. And, I'll begin, again, with Vice Chair Clarida.

VICE CHAIRMAN CLARIDA. Well, I've read and studied the proposals, proposed rule making that would establish a revised framework for applying prudential standards to large U.S. organizations that are consistent with the Economic Growth and Relief and Consumer Protection Act. And, I plan to support these proposals. Thank you.

CHAIRMAN POWELL. Thank you. Vice Chair Quarles.

VICE CHAIRMAN FOR SUPERVISION QUARLES. Thank you, Mr. Chairman. I, too, have spent a lot of time with these proposals, and it will not surprise you that I support them.

CHAIRMAN POWELL. Great. Thank you. Governor Brainard.

GOVERNOR BRAINARD. Thank you, Mr. Chair. Again, I want to say I appreciate the work that's gone into today's proposals. I have consulted closely with my colleagues in the hope that I could support a proposal for revising the enhanced prudential standards applicable to non-complex domestic banking organizations between $100 and $250 billion in assets, consistent with the provisions of S. 2155.

Unfortunately, in my assessment, the proposals go beyond the statutory provisions by relaxing regulatory requirements for domestic banking institutions with assets in the range of $250 to $700 billion and weaken the buffers that are core to the resilience of our system. This raises the risk that taxpayers again will be on the hook. S. 2155 raises the threshold for automatic application of enhanced prudential standards to banking institutions of $250 billion or more in assets and provides discretion to apply any of these standards to domestic banking organizations between $100 and $250 billion in assets. Today's proposals go beyond the statutory mandate by reducing regulatory safeguards for institutions in the size

range of $250 to $700 billion. For the large domestic institutions above the statutory range, the proposals would reduce the liquidity coverage ratio by as much as 30 percent and remove an important requirement to ensure that regulatory capital is credibly loss absorbing. These institutions as a group represent a significant part of the banking system, holding total assets of $1.5 trillion. The proposal also would eliminate the liquidity coverage ratio entirely for institutions with assets of $100 to $250 billion from the current level of 70 percent, which is of concern. So, let me just discuss each of those issues in turn.

We voted to finalize the liquidity coverage ratio only four years ago, and I don't see any change in the financial environment or provision in S. 2155 that would require us to substantially weaken a rule that was backed by strong analysis and extensive public comment. Large banking institutions have accumulated liquidity buffers in excess of their requirements and are providing ample credit and earning robust profits. The liquidity coverage ratio was designed as a baseline requirement appropriate for all large banking institutions. It is already tailored to the size and business model of the institutions to which it applies. Moreover, the compliance burden is relatively low.

We saw in the crisis that the distress of even non-complex large banking organizations generally manifests first in liquidity stress and quickly transmits contagion to other vulnerable institutions. There were two large domestic banking institutions in the $100 to $250 billion size range whose liquidity stress necessitated distress acquisitions and another large non-complex banking organization with roughly $300 billion in assets whose closure due to insufficient liquid resources triggered substantial spillovers. The distress of these firms would have led to rapid depletion of the deposit insurance fund had they not been acquired in distress.

In light of that experience, who can doubt that the liquidity insolvency of a large non-complex banking institution with $250 to $700 billion in assets would pose substantial risk of loss to the deposit insurance fund or that the need to monetize a large amount of assets associated with a balance sheet of that size in a time of stress would generate large spillovers? With a distressed acquisition of a large banking institution by one of the largest banking institutions a less likely option today than previously, this increases the risk to taxpayers.

The proposed changes would not only reduce by up to a third the liquidity requirement for institutions in the $250 to $700 billion range, but would also, presumably as a consequence, eliminate the current 70 percent liquidity requirement for institutions in the $100 to $250 billion range. Staff analysis indicates the reduced requirements would lead to an estimated reduction in high quality liquid assets at the affected firms of as much as $70 billion overall and a reduction of 15 percent in their liquidity buffers. The result would be a very small positive effect on net interest margins at the expense of an economically meaningful increase in the probability of stress at the affected institutions.

Finally, for firms with between $250 and $700 billion in assets, today's proposals would roll back not only liquidity requirements, but also a capital requirement. During the crisis, market participants lost confidence in the regulatory capital measure as a reflection of solvency because it didn't accurately reflect unrealized gains and losses on securities that directly reduced the retained earnings component of common equity. In response, we joined other banking agencies in finalizing a rule in 2013 that includes unrealized gains and losses through accumulated other comprehensive income, AOCI, in the calculation of regulatory capital to ensure it accurately reflects loss absorbency. Today's proposal would reverse that progress by allowing institutions between $250 and $700 billion to opt out of the requirement. Staff analysis suggests this change would add an upward adjustment to the reported capital of these institutions of about $5 billion, making their core risk-adjusted capital ratio look roughly 50 basis points stronger, with no change in their actual capacity to absorb losses.

So, overall, the reduction in core resiliency comes at a time when large banks have comfortably achieved the required buffers and are providing ample credit to the economy and enjoying robust profitability. In this environment, I see little benefit to the institutions or to the system from the proposed reduction in core resilience that would justify the increased risk to stability and to the taxpayer. For these reasons, I'm not comfortable supporting these proposals. Thank you, Mr. Chair.

CHAIRMAN POWELL. Thank you. For my part, I find this proposal to be a sensible approach to further tailoring our rules to match the risk profiles of firms of different sizes and characteristics, and, in

addition, one that is consistently with the recently passed legislation. So, I'm happy to support putting it out for comment today, and I look forward to reviewing the comments.

And, with that, I would ask for a motion that does four things. First, to approve a notice of proposed rule making to apply a revised framework of prudential standards for large U.S. bank holding companies and certain savings and loan holding companies. Second, to approve a joint notice of proposed rule making to apply a revised framework of capital and liquidity rules to large U.S. banking organizations. Third, to approve a proposal to amend a series of reporting forms and instructions named respectively FRY9C, FRY9LP, FRY14, FRY15, and not least, FR2052A. In order to tailor the frequency of data collection and scope of application to be consistent with the forgoing notices of proposed rule makings, in each case with a comment period ending on January 22, 2019. And, fourth, to authorize staff to make minor or non-substantive changes to prepare the related Federal Register documents for publication.

VICE CHAIRMAN CLARIDA. So moved.

VICE CHAIRMAN FOR SUPERVISION QUARLES. Second.

CHAIRMAN POWELL. And, I'll ask for your individual votes.

VICE CHAIRMAN CLARIDA. I support the motion.

VICE CHAIRMAN FOR SUPERVISION QUARLES. I support.

GOVERNOR BRAINARD. No.

CHAIRMAN POWELL. And, I support the motion. With that, the motion carries, and I thank everyone for your excellent work and for your attendance and attention here today. And, the meeting is concluded. Thanks very much.