

Federal Banking Agencies Adopt Final Rule Adopting Proposed eSLR, TLAC, and LTD Changes

December 2, 2025

On November 25, 2025, the federal banking agencies (agencies) adopted a final rule that implements in almost unchanged form all the changes described in our July 10, 2025, Client Alert titled [“Federal Banking Agencies Propose Reduction in “Enhanced Supplementary Leverage Ratio” Requirements for US GSIBs and Corresponding Reductions in TLAC and LTD Requirements.”](#)

Key Aspects of the Final Rule

The final rule differs from the proposal in adding a 1% cap to the tier 1 capital buffer that is added to the standard 3% SLR requirement for bank subsidiaries (*i.e.*, “depository institutions”) of US GSIBs. The proposal had set that buffer at one-half of the US GSIB parent’s “method 1 surcharge,” which would have established bank subsidiary buffers of 0.5% to 1.25%, based upon the current method 1 surcharges that apply to the eight US GSIBs.

In response to commenters that “suggested capping the eSLR standard at a fixed amount” to avoid “inappropriately high eSLR standards in certain cases” that could result from an uncapped “variable standard,”¹ the agencies “decided to adopt an eSLR buffer standard applicable to covered depository institutions equal to 50 percent of the covered depository institution’s parent GSIB’s method 1 surcharge capped at one percent.”²

With the 1% cap added to the final rule, the current surcharges for bank subsidiaries of US GSIBs would range from 0.5%-1%, based on the current method 1 surcharges that apply to the eight US GSIBs. In the future, no bank subsidiary surcharge would ever exceed 1%, even though the US GSIB parent would continue to have an uncapped surcharge equal to one half of its method 1 surcharge.

Footnote 1 to our earlier Client Alert noted that the OCC proposed to conform its eSLR requirement to the Federal Reserve and FDIC rules in applying to only GSIB subsidiary banks. The OCC did not adopt that proposal, so its eSLR requirement will continue to apply to any bank that is a subsidiary of a bank holding company with more than \$700 billion in assets. Because currently all bank holding companies with more than \$700 billion in assets are US GSIBs, this has no current practical significance.

The final rule becomes effective April 1, 2026, but banking organizations subject to the rule “may elect to early adopt the final rule as of January 1, 2026.”

For More Information

If you would like further information concerning the matters discussed in this article, please contact the Chapman attorney with whom you regularly work.

1 P. 31 of unnumbered final rule release.

2 P. 33. The agencies added that “The cap recognizes that the method 1 surcharge of a parent GSIB may be in part driven by activities outside of the covered depository institution. As such, the agencies consider it appropriate to limit the role that a depository institution’s affiliates play in sizing capital requirements applicable to the depository institution itself.”

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