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Insights

Agencies Adopt Revisions to Supplementary Leverage Ratio Denominator

Regulatory Updates - SFI
September 3, 2014

On September 3, 2014, the OCC, the Federal Reserve Board and the FDIC (collectively, the "Agencies") adopted final rules implementing revisions to the denominator measure for the supplementary leverage ratio.

The final rules apply graduated credit conversion factors ("CCFs") to off-balance sheet commitments that would reduce the portion of total leverage exposure associated with these commitments. More specifically, off-balance sheet exposures would be multiplied by the appropriate CCF under the standardized approach for risk-weighted assets as set forth in Section 33(b) of the U.S. Basel III Rule. Under Section 33(b) of the U.S. Basel III Rule, commitments with an original maturity of one year or less that are not unconditionally cancelable by the bank are assigned a 20% CCF and commitments with an original maturity of more than on year are assigned a 50% CCF. The final rules do not distinguish between unfunded securitization credit and liquidity commitments and other types of commitments in applying these CCFs.

For a copy of the final rules, click here.