

Press Release

March 23, 2020

Federal Reserve Board announces technical change to support the U.S. economy and allow banks to continue lending to creditworthy households and businesses

For release at 9:15 a.m. EDT

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The Federal Reserve Board on Monday announced a technical change to support the U.S. economy and allow banks to continue lending to creditworthy households and businesses.

The interim final rule will phase in gradually, as intended, the automatic restrictions associated with a firm's "total loss absorbing capacity," or TLAC, buffer requirements, if the levels decline. TLAC is an additional cushion of capital and long-term debt that could be used to recapitalize a bank if it is in distress. The change will facilitate the use of firms' buffers to promote lending activity to households and businesses.

Over the past decade, U.S. banks of all sizes have built up substantial levels of capital and liquidity in excess of their minimum requirements. The technical change mirrors an interim final rule announced last week by the bank regulatory agencies that applies to a firm's capital levels.

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