

Joint Press Release

March 27, 2020

Agencies announce two actions to support lending to households and businesses

Board of Governors of the Federal Reserve System

Federal Deposit Insurance Corporation

Office of the Comptroller of the Currency

For release at 12:00 p.m. EDT

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The federal bank regulatory agencies today announced two actions to support the U.S. economy and allow banking organizations to continue lending to households and businesses:

- Allowing early adoption of a new methodology on how certain banking organizations are required to measure counterparty credit risk derivatives contracts; and
- Providing an optional extension of the regulatory capital transition for the new credit loss accounting standard.

The "standardized approach for measuring counterparty credit risk" rule, also known as SA-CCR, was finalized by the agencies in November 2019, with an effective date of April 1. It reflects improvements made to the derivatives market since the 2007-2008 financial crisis, such as central clearing and margin requirements. To help improve current market liquidity and smooth disruptions, the agencies will permit banking organizations to early adopt SA-CCR for the reporting period ending March 31.

Additionally, the agencies issued an interim final rule that allows banking organizations to mitigate the effects of the "current expected credit loss," or CECL, accounting standard in their regulatory capital. Banking organizations that are required under U.S. accounting standards to adopt CECL this year can mitigate the estimated cumulative regulatory capital effects for up to two years. This is in addition to the three-year transition period already in place. Alternatively, banking organizations can follow the capital transition rule issued by the banking agencies in February 2019.

The changes will be effective immediately and the agencies will accept comments on the CECL interim final rule for 45 days.

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Federal Register notice: [Standardized Approach for Calculating the Exposure Amount of Derivative Contracts](#)

Federal Register notice: [Regulatory Capital Rule: Revised Transition of the Current Expected Credit Losses Methodology for Allowances](#)

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