

Press Release

FEDERAL RESERVE press release



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For immediate release

The Federal Reserve Board on Friday announced the adoption of a final rule that will allow bank holding companies to include in their Tier 1 capital without restriction senior perpetual preferred stock issued to the U.S. Treasury Department under the Troubled Asset Relief Program (TARP). This rule makes final the interim final rule that the Board adopted in October 2008.

The Board also announced the adoption of an interim final rule that will allow bank holding companies that are S-Corps or that are organized in mutual form to include in Tier 1 capital all subordinated debt issued to Treasury under TARP, provided that the subordinated debt will count toward the limit on the amount of other restricted core capital elements includable in Tier 1 capital. The interim final rule also will allow small bank holding companies that are S-Corps or that are organized in mutual form to exclude subordinated debt issued to Treasury under TARP from treatment as "debt" for purposes of the debt-to-equity standard under the Board's Small Bank Holding Company Policy Statement.

The TARP was authorized by the Emergency Economic Stabilization Act of 2008. Details about the TARP, and programs under it, are available at www.financialstability.gov.

The final rule and the interim final rule will be effective on publication in the *Federal Register*. The Board is, however, seeking public comment on the interim rule. Comments must be submitted within 30 days of publication of the interim rule in the *Federal Register*, which is expected soon.

The *Federal Register* notices for the rules are attached.

Federal Register notice--Regulation Y, final rule: [HTML](#) | [60 KB PDF](#)

Federal Register notice--Regulation Y, interim rule: [HTML](#) | [64 KB PDF](#)