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Press Release

November 05, 2014

Federal Reserve Board issues final rule to implement section 622 of the Dodd-Frank Act

For release at 10:30 a.m. EST

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The Federal Reserve Board on Wednesday issued a final rule to implement section 622 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, which generally prohibits a financial company from combining with another company if the ratio of the resulting company's liabilities exceeds 10 percent of the aggregate consolidated liabilities of all financial companies.

While the final rule is substantially similar to the proposal issued in May, the Board made changes in response to comments. Under the final rule, if a financial company has reached the 10 percent concentration limit, the company could not acquire control of another company under merchant banking authority. The final rule also adds an exemption to clarify that a financial company may continue to engage in securitization activities if it has reached the limit.

Similar to the proposal, liabilities of a financial institution are generally defined as the difference between its risk-weighted assets, as adjusted to reflect exposures deducted from regulatory capital, and its total regulatory capital. Firms not subject to consolidated risk-based capital rules would measure liabilities using generally accepted accounting standards.

Financial companies subject to the limit include insured depository institutions, bank holding companies, savings and loan holding

companies, foreign banking organizations, companies that control insured depository institutions, and nonbank financial companies designated by the Financial Stability Oversight Council for Board supervision.

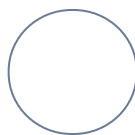
The final rule will be effective on January 1, 2015.

For media inquiries, call 202-452-2955.

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