SUMMARY: To provide liquidity to small business lenders and the broader credit markets, to help stabilize the financial system, and to provide economic relief to small businesses nationwide, the Board of Governors of the Federal Reserve System (Board) authorized each of the Federal Reserve Banks to participate in the Paycheck Protection Program Lending Facility (PPPL Facility), pursuant to section 13(3) of the Federal Reserve Act. Under the PPPL Facility, each of the Federal Reserve Banks will extend non-recourse loans to eligible financial institutions to fund loans guaranteed by the Small Business Administration under the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). To facilitate use of this Federal Reserve facility, the Office of the Comptroller of the Currency, the Board, and the Federal Deposit Insurance Corporation (together, the agencies) are adopting this interim final rule to allow banking organizations to neutralize the regulatory capital effects of participating in the facility. This treatment is similar to the treatment extended previously by the agencies in connection with the Federal Reserve’s Money Market Mutual Fund Liquidity Facility. In addition, as mandated by section 1102 of the CARES Act, loans originated under the Small Business Administration’s Paycheck Protection Program will receive a zero percent risk weight under the agencies’ regulatory capital rule.

DATES:

Effective date: The interim final rule is effective April 13, 2020.

Comment date: Comments on the interim final rule must be received no later than May 13, 2020.

ADDRESSES:

OCC: Commenters are encouraged to submit comments through the Federal eRulemaking Portal or email, if possible. Please use the title “Regulatory Capital Rule: Paycheck Protection Program Lending Facility and Paycheck Protection Program Loans” to facilitate the organization and distribution of the comments. You may submit comments by any of the following methods:


Public comments can be submitted via the “Comment” box below the displayed document information or by clicking on the document title and then clicking the “Comment” box on the top-left side of the screen. For help with submitting effective comments please click on “Commenter’s Checklist.” For assistance with the Regulations.gov Beta site, please call (877) 378–5457 (toll free) or (703) 454–9859 Monday–Friday, 9 a.m.–5 p.m. ET or email regulations@erulemakinghelpdesk.com.

• Email: regs.comments@occ.treas.gov.


• Hand Delivery/Courier: 400 7th Street SW, Suite 3E–218, Washington, DC 20219.

• Fax: (571) 465–4326.

Instructions: You must include “OCC” as the agency name and “Docket ID OCC–2020–0018” in your comment. In general, the OCC will enter all comments received into the docket and publish the comments on the Regulations.gov website without change, including any business or personal information provided such as name and address information, email addresses, or phone numbers. Comments received, including attachments and other supporting materials, are part of the public record and subject to public disclosure. Do not include any information in your comment or supporting materials that you consider confidential or inappropriate for public disclosure.

You may review comments and other related materials that pertain to this rulemaking action by any of the following methods:


• Hand Delivery/Courier: 400 7th Street SW, Suite 3E–218, Washington, DC 20219.

• Fax: (571) 465–4326.

Instructions: You must include “OCC” as the agency name and “Docket ID OCC–2020–0018” in your comment. In general, the OCC will enter all comments received into the docket and publish the comments on the Regulations.gov website without change, including any business or personal information provided such as name and address information, email addresses, or phone numbers. Comments received, including attachments and other supporting materials, are part of the public record and subject to public disclosure. Do not include any information in your comment or supporting materials that you consider confidential or inappropriate for public disclosure.

You may review comments and other related materials that pertain to this rulemaking action by any of the following methods:

I. Background

The spread of the coronavirus disease 2019 (COVID–19) has slowed economic activity in many countries, including the United States. Financial conditions have tightened markedly, and the cost of credit has risen for most borrowers. Small businesses are acutely impacted by the COVID–19 pandemic. As millions of Americans have been ordered to stay home, severely reducing their ability to engage in normal commerce, revenue streams for many small businesses have collapsed. This has resulted in severe liquidity constraints at small businesses and has forced many small businesses to close temporarily or furlough employees. Continued access to financing will be crucial for small businesses to weather economic disruptions caused by COVID–19 and, ultimately, to help restore economic activity.

As part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and in recognition of the exigent circumstances faced by small businesses, Congress created the Paycheck Protection Program (PPP). PPP covered loans are fully guaranteed as to principal and accrued interest by the Small Business Administration (SBA), the amount of each being determined at the time the guarantee is exercised. As a general matter, SBA guarantees are backed by the full faith and credit of the U.S. Government. PPP covered loans also afford borrowers forgiveness up to the principal amount of the PPP covered loan, if the proceeds of the PPP covered loan are used for certain expenses. The SBA reimburses PPP lenders for any amount of a PPP covered loan that is forgiven. PPP lenders are not held liable for any representations made by PPP borrowers in connection with a borrower’s request for PPP covered loan forgiveness.

Under the PPP, eligible borrowers generally include businesses with fewer than 500 employees or that are otherwise considered by the SBA to be small, including individuals operating sole proprietorships or acting as independent contractors, certain franchises, nonprofit corporations, veterans organizations, and Tribal businesses. The loan amount under the PPP would be limited to the lesser of $10 million and 250 percent of a

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borrower’s average monthly payroll costs. In order to provide liquidity to small business lenders and the broader credit markets, and to help stabilize the financial system, on April 7, 2020, the Board, with approval of the Secretary of the Treasury, authorized each of the Federal Reserve Banks to extend credit under the Paycheck Protection Program Lending Facility (PPPL Facility), pursuant to section 13(3) of the Federal Reserve Act. Under the PPPL Facility, each of the Federal Reserve Banks will extend non-recourse loans to institutions that are eligible to make PPP covered loans, including depository institutions subject to the agencies’ capital rules. Under the PPPL Facility, only PPP covered loans that are guaranteed by the SBA under the Paycheck Protection Program with respect to both principal and interest and that are originated by an eligible institution may be pledged as collateral to the Federal Reserve Banks (eligible collateral).

To facilitate the use of this Federal Reserve facility, the agencies are adopting the interim final rule, which allows banking organizations to neutralize the regulatory capital effects of loans pledged to the PPPL Facility. This relief, which applies to both risk-based and leverage capital ratios, including the community bank leverage ratio, is consistent with the treatment that the agencies previously provided to banking organizations to facilitate use of the Federal Reserve’s Money Market Mutual Fund Liquidity Facility.

III. The Interim Final Rule

A. Regulatory Capital Treatment of PPPL Facility Exposures

The agencies’ capital rules require banking organizations to comply with risk-based and leverage capital requirements, which are expressed as a ratio of regulatory capital to assets and certain other exposures. Risk-based capital requirements are based on risk-weighted assets, whereas leverage capital requirements are based on a measure of average total consolidated assets or total leverage exposure. Participation in the PPPL Facility will affect the balance sheet of an eligible banking organization because, as a function of participating in the PPPL Facility, the banking organization must originate and hold PPP covered loans (that is, assets that are eligible collateral pledged to the Federal Reserve Banks) on its balance sheet. As a result, an eligible banking organization that participates in the PPPL Facility could potentially be subject to increased regulatory capital requirements.

The agencies believe that the regulatory capital requirements for PPP covered loans pledged by a banking organization to a Federal Reserve Bank as part of the PPPL Facility do not reflect the substantial protections from risk provided to the banking organization by the facility. Because of the non-recourse nature of the Federal Reserve’s extension of credit to the banking organization, the banking organization is not exposed to credit or market risk from the pledged PPP covered loans. Therefore, the agencies believe that it would be appropriate to exclude the effects of these pledged PPP covered loans from the banking organization’s regulatory capital.

Specifically, the interim final rule would permit banking organizations to exclude exposures pledged as collateral to the PPPL Facility from a banking organization’s total leverage exposure, average total consolidated assets, advanced approaches-total risk-weighted assets, and standardized total risk-weighted assets, as applicable.

Question 1: The agencies invite comment on the advantages and disadvantages of neutralizing the effects of participating in the PPPL Facility on regulatory capital requirements. How does the approach in the interim final rule support the objectives of the facility? What other steps could be taken to support the objectives of the facility? What safety and soundness concerns should the agencies consider in connection with the approach in the interim final rule?

B. Regulatory Capital Treatment of PPP Covered Loans

The agencies’ regulatory capital rule requires a banking organization to apply a zero percent risk weight to the portion of exposures that is guaranteed by a U.S. Government agency for purposes of the banking organization’s risk-based capital requirements. Section 1102 of the CARES Act requires banking organizations to apply a zero percent risk weight to PPP covered loans. Accordingly, and consistent with Section 1102 of the CARES Act, the agencies are amending sections 32 and 131 of the capital rule to clarify that PPP covered loans originated by a banking organization under the Paycheck Protection Program will receive a zero percent risk weight.

The agencies seek comment on all aspects of the interim final rule.

IV. Administrative Law Matters

A. Administrative Procedure Act

The agencies are issuing the interim final rule without prior notice and the opportunity for public comment and the delayed effective date ordinarily prescribed by the Administrative Procedure Act (APA). Pursuant to section 553(b)(B) of the APA, general notice and the opportunity for public comment are not required with respect to a rulemaking when an “agency for good cause finds (and incorporates the finding and a brief statement of reasons therefor in the rules issued) that notice and public procedure thereon are impracticable, unnecessary, or contrary to the public interest.”

The agencies believe that the public interest is best served by implementing the interim final rule immediately upon publication in the Federal Register. As discussed above, the spread of COVID–19 has slowed economic activity in many countries, including the United States. Financial conditions have tightened markedly, and the cost of credit has risen for most borrowers. Small businesses are acutely impacted by the COVID–19 pandemic. As millions of Americans have been ordered to stay home, severely reducing their ability to engage in normal commerce, revenue streams for many small businesses have collapsed. This has resulted in severe liquidity constraints at small businesses and has forced many small businesses to close temporarily or furlough employees. Continued access to financing will be crucial for small businesses to weather economic disruptions caused by COVID–19 and, ultimately, to help restore economic activity.


6 Under the Small Business Administration’s interim final rule, a lender may request that the Small Business Administration purchase the expected forgiveness amount of a PPP covered loan or pool of PPP covered loans at the end of week seven of the covered period. See Interim Final Rule “Business Loan Program Temporary Changes; Paycheck Protection Program,” https://www.sba.gov/sites/default/files/2020-04/PPP-IFRN%20FINAL_0.pdf.

7 This includes covered PPP loans originated beginning on April 3, 2020, and pledged to the Federal Reserve Banks in connection with this facility.

8 Under the Small Business Administration’s interim final rule, a lender may request that the Small Business Administration purchase the expected forgiveness amount of a PPP covered loan or pool of PPP covered loans at the end of week seven of the covered period. See Interim Final Rule “Business Loan Program Temporary Changes; Paycheck Protection Program,” https://www.sba.gov/sites/default/files/2020-04/PPP-IFRN%20FINAL_0.pdf.

9 See 12 CFR 3.32(a)(1) (OCC); 12 CFR 217.32(a)(1) (Board); 12 CFR 324.32(a)(1) (FDIC).

10 5 U.S.C. 553.

In order to provide liquidity to small business lenders and the broader credit markets, and to stabilize the financial system, the Board, with approval of the Secretary of the Treasury, authorized each of the Federal Reserve Banks to extend credit under the PPPL Facility, and the interim final rule will facilitate this Federal Reserve lending program. For these reasons, the agencies find that there is good cause consistent with the public interest to issue the rule without advance notice and comment.\(^5\) The APA also requires a 30-day delayed effective date, except for (1) substantive rules that grant or recognize an exemption or relieve a restriction; (2) interpretative rules and statements of policy; or (3) as otherwise provided by the agency for good cause.\(^6\) Because the rules relieve a restriction, the interim final rule is exempt from the APA’s delayed effective date requirement.\(^7\)

While the agencies believe that there is good cause to issue the interim final rule without advance notice and comment and with an immediate effective date, the agencies are interested in the views of the public and requests comment on all aspects of the interim final rule.

**B. Congressional Review Act**

For purposes of Congressional Review Act (CRA), the Office of Management and Budget (OMB) makes a determination as to whether a final rule constitutes a “major” rule.\(^8\) If a rule is deemed a “major rule” by the OMB, the CRA generally provides that the rule may not take effect until at least 60 days following its publication.\(^9\)

The CRA defines a “major rule” as any rule that the Administrator of the Office of Information and Regulatory Affairs of the OMB finds in or is likely to result in (1) an annual effect on the economy of $100,000,000 or more; (2) a major increase in costs or prices for consumers, individual industries, Federal, State, or local government agencies or geographic regions, or (3) significant adverse effects on competition, employment, investment, productivity, innovation, or on the ability of United States-based enterprises to compete with foreign-based enterprises in domestic and export markets.\(^10\)

For the same reasons set forth above, the agencies are adopting the interim final rule without the delayed effective date generally prescribed under the CRA. The delayed effective date required by the CRA does not apply to any rule for which an agency for good cause finds (and incorporates the finding and a brief statement of reasons therefor in the rule issued) that notice and public procedure thereon are impracticable, unnecessary, or contrary to the public interest.\(^11\) In light of current market uncertainty, the agencies believe that delaying the effective date of the rule would be contrary to the public interest.

As required by the CRA, the agencies will submit the interim final rule and other appropriate reports to Congress and the Government Accountability Office for review.

**C. Paperwork Reduction Act**

The Paperwork Reduction Act of 1995 (PRA) states that no agency may conduct or sponsor, nor is the respondent required to respond to, an information collection unless it displays a currently valid OMB control number.\(^12\) The interim final rule affects the agencies’ current information collections for the Consolidated Reports of Condition and Income (Call Reports) (FFIEC 031, FFIEC 041, and FFIEC 051) and the Regulatory Capital Reporting for Institutions Subject to the Advanced Capital Adequacy Framework (FFIEC 101). The OMB control numbers for the Call Reports of the agencies are: OCC OMB No. 1557–0081; Board OMB No. 7100–0036; and FDIC OMB No. 3064–0052. The OMB control numbers for FFIEC 101 of the agencies are: OCC OMB No. 1557–0239; Board OMB No. 7100–0319; and FDIC OMB No. 3064–0159. The Board has reviewed the interim final rule pursuant to authority delegated by the OMB.

Although there is a substantive change to the actual calculation of total leverage exposure, average total consolidated assets, standardized total risk-weighted assets, and advanced approaches total risk-weighted assets, as applicable, for purposes of the Call Reports, the change should be minimal and result in a zero net change in hourly burden under the agencies’ information collections. Submissions will, however, be made by the agencies to OMB. The changes to the instructions of the Call Reports and FFIEC 101 will be addressed in a separate Federal Register notice.

The Board has temporarily revised the instructions to the Financial Statements for Holding Companies (FR Y–9 reports; OMB No. 7100–0128) to reflect the changes made in this interim final rule. On June 15, 1984, OMB delegated to the Board authority under the PRA to temporarily approve a revision to a collection of information without providing opportunity for public comment if the Board determines that a change in an existing collection must be instituted quickly and that public participation in the approval process would defeat the purpose of the collection or substantially interfere with the Board’s ability to perform its statutory obligation.

The Board’s delegated authority requires that the Board, after temporarily approving a collection, solicit public comment on a proposal to extend the temporary collection for a period not to exceed three years. Therefore, the Board is inviting comment to extend the FR Y–9 reports for three years, with revision. The Board invites public comment on the FR Y–9 reports, which are being reviewed under authority delegated by the OMB under the CRA. Comments are invited on the following:

a. Whether the collection of information in the interim final rule is necessary for the proper performance of the Board’s functions, including whether the information has practical utility;

b. The accuracy of the Board’s estimate of the burden of the information collection in the interim final rule, including the validity of the methodology and assumptions used;

c. Ways to enhance the quality, utility, and clarity of the information to be collected;

d. Ways to minimize the burden of information collection on respondents, including through the use of automated collection techniques or other forms of information technology; and

e. Estimates of capital or startup costs and costs of operation, maintenance, and purchase of services to provide information.

Comments must be submitted on or before May 13, 2020. At the end of the comment period, the comments and recommendations received will be analyzed to determine the extent to which the Board should modify the interim final rule.

**Adopted Revision. With Extension for Three Years, of the Following Information Collection:**

**Report title:** Financial Statements for Holding Companies.

**Agency form number:** FR Y–9C; FR Y–9LP; FR Y–9SP; FR Y–9ES; FR Y–9CS.

**OMB control number:** 7100–0128.

**Effective date:** June 30, 2020.

**Frequency:** Quarterly, semiannually, and annually.

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\(^{11}\) 5 U.S.C. 553(b)(B).

\(^{12}\) 5 U.S.C. 553(d).

\(^{13}\) 5 U.S.C. 553(d)(1).

\(^{14}\) 5 U.S.C. 801 et seq.

\(^{15}\) 5 U.S.C. 801(a)(3).

\(^{16}\) 5 U.S.C. 804(2).

\(^{17}\) 5 U.S.C. 808.

Affected public: Businesses or other for-profit.

Respondents: Bank holding companies (BHCs), savings and loan holding companies (SLHCs), intermediate holding companies (IHCs) (collectively, holding companies (HCs)).

Estimated number of respondents: FR Y–9C (non-advanced approaches (AA) community bank leverage ratio (CBLR) HCs) with less than $5 billion in total assets—71, FR Y–9C (non-advanced approaches (AA) CBLR HCs) with $5 billion or more in total assets—35, FR Y–9C (AA non-CBLR HCs) with less than $5 billion in total assets—84, FR Y–9C (AA non-CBLR HCs) with $5 billion or more in total assets—154, FR Y–9C (AA HCs)—19, FR Y–9LP—434, FR Y–9SP—3,960, FR Y–9ES—83, FR Y–9CS—236.

Estimated average hours per response:

Reporting FR Y–9C (non-AA CBLR HCs) with less than $5 billion in total assets—29.14, FR Y–9C (non-AA CBLR HCs) with $5 billion or more in total assets—35.11, FR Y–9C (non-AA non-CBLR HCs) with less than $5 billion in total assets—40.98, FR Y–9C (non- AA non-CBLR HCs) with $5 billion or more in total assets—46.95, FR Y–9C (AA HCs)—48.59, FR Y–9LP—5.27, FR Y–9SP—5.40, FR Y–9ES—0.50, FR Y–9CS—0.50.

Recordkeeping FR Y–9C—1, FR Y–9LP—1, FR Y–9SP—0.50, FR Y–9ES—0.50, FR Y–9CS—0.50.

Estimated annual burden hours:

Reporting FR Y–9C (non-Advanced approaches (AA) CBLR HCs) with less than $5 billion in total assets—8,276, FR Y–9C (non-Advanced approaches (AA) CBLR HCs) with $5 billion or more in total assets—4,915, FR Y–9C (AA non-CBLR HCs) with less than $5 billion in total assets—13,769, FR Y–9C (non-Advanced approaches (AA) non-CBLR HCs) with $5 billion or more in total assets—28,921, FR Y–9C (AA HCs)—3,693, FR Y–9LP—9149, FR Y–9SP—42,768, FR Y–9ES—42, FR Y–9CS—472.


General description of report: The FR Y–9 reports continue to be the primary source of financial data on holding companies that examiners rely on in the intervals between on-site inspections. Financial data from these reporting forms are used to detect emerging financial problems, to review performance and conduct pre-inspection analysis, to monitor and evaluate capital adequacy, to evaluate HC mergers and acquisitions, and to analyze a holding company’s overall financial condition to ensure the safety and soundness of its operations. The FR Y–9C, FR Y–9LP, and FR Y–9SP serve as standardized financial statements for the consolidated HC. The Board requires HCs to provide standardized financial statements to fulfill the Board’s statutory obligation to supervise these organizations. The FR Y–9ES is a financial statement for HCs that are Employee Stock Ownership Plans. The Board uses the FR Y–9CS (a form-free supplement) to collect additional information deemed to be critical and needed in an expedited manner. HCs file the FR Y–9C on a quarterly basis, the FR Y–9LP quarterly, the FR Y–9SP semiannually, the FR Y–9ES annually, and the FR Y–9CS on a schedule that is determined when this supplement is used.

Legal authorization and confidentiality: The Board has the authority to impose the reporting and recordkeeping requirements associated with the FR Y–9 family of reports on BHCs pursuant to section 5 of the Bank Holding Company Act of 1934 (BHC Act) (12 U.S.C. 1844); on SLHCs pursuant to section 10(b)(2) and (3) of the Home Owners’ Loan Act (12 U.S.C. 1467a(b)(2) and (3)), as amended by sections 369(b) and 604(b)(2) of the Dodd-Frank Wall Street and Consumer Protection Act (Dodd-Frank Act); on U.S. IHCs pursuant to section 5 of the BHC Act (12 U.S.C. 1844), as well as pursuant to sections 102(a)(1) and 165 of the Dodd-Frank Act (12 U.S.C. 511(a)(1) and 5363); and on SHCs pursuant to section 618 of the Dodd-Frank Act (12 U.S.C. 1850c(c)(1)(A)). The obligation to submit the FR Y–9 reports, and the recordkeeping requirements set forth in the respective instructions to each report, are mandatory.

With respect to the FR Y–9C report, Schedule HI’s memorandum data item 7(g) “FDIC deposit insurance assessments,” Schedule HC–P’s data item 7(a) “Representation and warranty reserves for 1–4 family residential mortgage loans sold to other parties” are considered confidential commercial and financial information. Such treatment is appropriate under exemption 4 of the Freedom of Information Act (FOIA) (5 U.S.C. 552(b)(4)) because these data items reflect commercial and financial information that is both customarily and actually treated as private by the submitter, and which the Board has previously assured submitters will be treated as confidential. It also appears that disclosing these data items may reveal confidential examination and supervisory information, and in such instances, this information would also be withheld pursuant to exemption 8 of the FOIA (5 U.S.C. 552(b)(8)), which protects information related to the supervision or examination of a regulated financial institution.

In addition, for both the FR Y–9C report and the FR Y–9SP report, Schedule HC’s memorandum item 2.b., the name and email address of the external auditing firm’s engagement partner, is considered confidential commercial information and protected by exemption 4 of the FOIA (5 U.S.C. 552(b)(4)) if the identity of the engagement partner is treated as private information by HCs. The Board has assured respondents that this information will be treated as confidential since the collection of this data item was proposed in 2004.

Aside from the data items described above, the remaining data items on the FR Y–9C report and the FR Y–9SP report are generally not accorded confidential treatment. The data items collected on FR Y–9LP, FR Y–9ES, and FR Y–9CS reports, are also generally not accorded confidential treatment. As provided in the Board’s Rules Regarding Availability of Information (12 CFR part 261), however, a respondent may request confidential treatment for any data items the respondent believes should be withheld pursuant to a FOIA exemption. The Board will review any such request to determine if confidential treatment is appropriate, and will inform the respondent if the request for confidential treatment has been denied.

To the extent the instructions to the FR Y–9C, FR Y–9LP, FR Y–9SP, and FR Y–9ES reports each respectively direct the financial institution to retain the workpapers and related materials used in preparation of each report, such material would only be obtained by the Board as part of the examination or supervision of the financial institution. Accordingly, such information is considered confidential pursuant to exemption 8 of the FOIA (5 U.S.C. 552(b)(8)).
In addition, the workpapers and related materials may also be protected by exemption 4 of the FOIA, to the extent such financial information is treated as confidential by the respondent (5 U.S.C. 552(b)(4)).

Current actions: The Board has temporarily revised the instructions for the FR Y–9C to reflect the exclusion of PPP loans pledged to the PPPL Facility from the institution’s total leverage exposure, average total consolidated assets, advanced approaches total risk-weighted assets, and standardized total risk-weighted assets, as applicable. Specifically, the Board has temporarily revised the FR Y–9C instructions to permit HCs to assign a zero percent risk weight to covered loans pledged to the PPPL Facility for purposes of determining the risk-weighted assets and leverage ratio. HCs would report these covered loans pledged to the PPPL Facility in Schedule HC–R, Part II, item 5.d., “Loans and leases held for investment: All other exposures” as appropriate, in both Column A (Totals) and Column C (0% risk-weight category). The average of such assets purchased would be reported in Schedule HC–R, part I, item 29, “LESS: Other deductions from (additions to) assets for leverage ratio purposes,” and thus excluded from Schedule HC–R, item 30, “Total assets for the leverage ratio.”

The Board has determined that the revisions to the FR Y–9C must be instituted quickly and that public participation in the approval process would defeat the purpose of the collection of information, as delaying the revisions would result in the collection of inaccurate information and would interfere with the Board’s ability to perform its statutory duties.

The Board also proposes to extend the FR Y–9 reports for three years, with the revisions discussed above.

D. Regulatory Flexibility Act

The Regulatory Flexibility Act (RFA) requires an agency to consider whether the rules it proposes will have a significant economic impact on a substantial number of small entities. The RFA applies only to rules for which an agency publishes a general notice of proposed rulemaking pursuant to 5 U.S.C. 553(b). As discussed previously, consistent with section 553(b)(B) of the APA, the agencies have determined for good cause that general notice and opportunity for public comment is unnecessary, and therefore the agencies are not issuing a notice of proposed rulemaking. Accordingly, the agencies have concluded that the RFA’s requirements relating to initial and final regulatory flexibility analysis do not apply.

Nevertheless, the agencies seek comment on whether, and the extent to which, the interim final rule would affect a significant number of small entities.

E. Riegle Community Development and Regulatory Improvement Act of 1994

Pursuant to section 302(a) of the Riegle Community Development and Regulatory Improvement Act (RCDRIA), in determining the effective date and administrative compliance requirements for new regulations that impose additional reporting, disclosure, or other requirements on insured depository institutions (IDIs), each Federal banking agency must consider, consistent with the principle of safety and soundness and the public interest, any administrative burdens that such regulations would place on depository institutions, including small depository institutions, and customers of depository institutions, as well as the benefits of such regulations. In addition, section 302(b) of RCDDRIA requires new regulations and amendments to regulations that impose additional reporting, disclosures, or other new requirements on IDIs generally to take effect on the first day of a calendar quarter that begins on or after the date on which the regulations are published in final form, with certain exceptions, including for good cause.

For the reasons described above, the agencies find good cause exists under section 302 of RCDDRIA to publish the interim final rule with an immediate effective date. As such, the interim final rule will be effective immediately. Nevertheless, the agencies seek comment on RCDDRIA.

F. Use of Plain Language

Section 722 of the Gramm-Leach-Bliley Act requires the Federal banking agencies to use plain language in all proposed and final rules published after January 1, 2000. The agencies have sought to present the interim final rule in a simple and straightforward manner. The agencies invite comments on whether there are additional steps it could take to make the rule easier to understand. For example:

- Have we organized the material to suit your needs? If not, how could this material be better organized?
- Are the requirements in the regulation clearly stated? If not, how could the regulation be more clearly stated?
- Does the regulation contain language or jargon that is not clear? If so, which language requires clarification?
- Would a different format (grouping and order of sections, use of headings, paragraphing) make the regulation easier to understand? If so, what changes to the format would make the regulation easier to understand? What else could we do to make the regulation easier to understand?

G. Unfunded Mandates Act

As a general matter, the Unfunded Mandates Act of 1995 (UMRA), 2 U.S.C. 1531 et seq., requires the preparation of a budgetary impact statement before promulgating a rule that includes a Federal mandate that may result in the expenditure by State, local, and tribal governments, in the aggregate, or by the private sector, of $100 million or more in any one year. However, the UMRA does not apply to final rules for which a general notice of proposed rulemaking was not published. See 2 U.S.C. 1532(a). Therefore, because the OCC has found good cause to dispense with notice and comment for the interim final rule, the OCC has not prepared an economic analysis of the rule under the UMRA.

List of Subjects

12 CFR Part 3
Administrative practice and procedure, Capital, Federal savings associations, National banks, Risk.

12 CFR Part 217
Administrative practice and procedure, Banks, Banking, Capital, Federal Reserve System, Holding companies, Reporting and recordkeeping requirements, Risk, Securities.

12 CFR Part 324
Administrative practice and procedure, Banks, banking, Reporting and recordkeeping requirements, Savings associations, State non-member banks.
DEPARTMENT OF THE TREASURY
Office of the Comptroller of the Currency
12 CFR Chapter I

Authority and Issuance
For the reasons stated in the preamble, the Office of the Comptroller of the Currency amends part 3 of chapter I of title 12, Code of Federal Regulations as follows:

PART 3—CAPITAL ADEQUACY STANDARDS

§ 3.305 Exposures related to the Paycheck Protection Program Lending Facility.

Notwithstanding any other section of this part, a national bank or Federal savings association may exclude exposures pledged as collateral for a non-recourse loan that is provided as part of the Paycheck Protection Program Lending Facility, announced by the Federal Reserve Board on April 7, 2020, from total leverage exposure, average total consolidated assets, advanced approaches total risk-weighted assets, and standardized total risk-weighted assets, as applicable. For the purpose of this section, a national bank’s or Federal savings association’s liability under the facility must be reduced by the principal amount of the loans pledged as collateral for funds advanced under the facility.

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
12 CFR Chapter II

Authority and Issuance
For the reasons stated in the preamble, the Board of Governors of the Federal Reserve System amends 12 CFR chapter II as follows:

PART 217—CAPITAL ADEQUACY OF BANK HOLDING COMPANIES, SAVINGS AND LOAN HOLDING COMPANIES, AND STATE MEMBER BANKS (REGULATION Q)

§ 217.305 Exposures related to the Paycheck Protection Program Lending Facility.

Notwithstanding any other section of this part, a Board-regulated institution may exclude exposures pledged as collateral for a non-recourse loan that is provided as part of the Paycheck Protection Program Lending Facility, announced by the Board on April 7, 2020, from total leverage exposure, average total consolidated assets, advanced approaches total risk-weighted assets, and standardized total risk-weighted assets, as applicable. For the purpose of this section, a Board-regulated institution’s liability under the facility must be reduced by the principal amount of the loans pledged as collateral for funds advanced under the facility.

FEDERAL DEPOSIT INSURANCE CORPORATION
12 CFR Chapter III

Authority and Issuance
For the reasons set forth in the joint preamble, chapter III of title 12 of the Code of Federal Regulations is amended as follows:

PART 324—CAPITAL ADEQUACY OF FDIC-SUPERVISED INSTITUTIONS

§ 324.2 Definitions.

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Corporate exposure * * *
(12) A policy loan;
(13) A separate account; or
(14) A Paycheck Protection Program covered loan as defined in section 7(a)(36) of the Small Business Act (15 U.S.C. 636(a)(36)).
* * * * *

§ 324.3 General risk weights.

(a) * * *
(1) * * *
(iii) A national bank or Federal savings association must assign a zero percent risk weight to a Paycheck Protection Program covered loan as defined in section 7(a)(36) of the Small Business Act (15 U.S.C. 636(a)(36)).
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§ 324.313 Mechanisms for calculating total wholesale and retail risk-weighted assets.

(e) * * *
(3) * * *
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§ 324.305 Exposures related to the Paycheck Protection Program Lending Facility.

Notwithstanding any other section of this part, a national bank or Federal savings association may exclude exposures pledged as collateral for a non-recourse loan that is provided as part of the Paycheck Protection Program Lending Facility, announced by the Federal Reserve Board on April 7, 2020, from total leverage exposure, average total consolidated assets, advanced approaches total risk-weighted assets, and standardized total risk-weighted assets, as applicable. For the purpose of this section, a national bank’s or Federal savings association’s liability under the facility must be reduced by the principal amount of the loans pledged as collateral for funds advanced under the facility.

§ 324.317 Definitions.

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Corporate exposure * * *
(12) A policy loan;
(13) A separate account; or
(14) A Paycheck Protection Program covered loan as defined in section 7(a)(36) of the Small Business Act (15 U.S.C. 636(a)(36)).
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§ 324.313 Mechanisms for calculating total wholesale and retail risk-weighted assets.

(e) * * *
(3) * * *
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§ 324.305 Exposures related to the Paycheck Protection Program Lending Facility.

Notwithstanding any other section of this part, a national bank or Federal savings association may exclude exposures pledged as collateral for a non-recourse loan that is provided as part of the Paycheck Protection Program Lending Facility, announced by the Federal Reserve Board on April 7, 2020, from total leverage exposure, average total consolidated assets, advanced approaches total risk-weighted assets, and standardized total risk-weighted assets, as applicable. For the purpose of this section, a national bank’s or Federal savings association’s liability under the facility must be reduced by the principal amount of the loans pledged as collateral for funds advanced under the facility.

§ 324.317 Definitions.

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Corporate exposure * * *
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(14) A Paycheck Protection Program covered loan as defined in section 7(a)(36) of the Small Business Act (15 U.S.C. 636(a)(36)).
* * * * *

§ 324.305 Exposures related to the Paycheck Protection Program Lending Facility.

Notwithstanding any other section of this part, a national bank or Federal savings association may exclude exposures pledged as collateral for a non-recourse loan that is provided as part of the Paycheck Protection Program Lending Facility, announced by the Federal Reserve Board on April 7, 2020, from total leverage exposure, average total consolidated assets, advanced approaches total risk-weighted assets, and standardized total risk-weighted assets, as applicable. For the purpose of this section, a national bank’s or Federal savings association’s liability under the facility must be reduced by the principal amount of the loans pledged as collateral for funds advanced under the facility.

§ 324.317 Definitions.

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(12) A policy loan;
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§ 324.305 Exposures related to the Paycheck Protection Program Lending Facility.

Notwithstanding any other section of this part, a national bank or Federal savings association may exclude exposures pledged as collateral for a non-recourse loan that is provided as part of the Paycheck Protection Program Lending Facility, announced by the Federal Reserve Board on April 7, 2020, from total leverage exposure, average total consolidated assets, advanced approaches total risk-weighted assets, and standardized total risk-weighted assets, as applicable. For the purpose of this section, a national bank’s or Federal savings association’s liability under the facility must be reduced by the principal amount of the loans pledged as collateral for funds advanced under the facility.

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§ 324.2 Definitions.

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Corporate exposure * * *

(12) A policy loan;

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(14) A Paycheck Protection Program covered loan as defined in section 7(a)(36) of the Small Business Act (15 U.S.C. 636(a)(36)).

* * * * *

13. Section 324.32 is amended by adding paragraph (a)(1)(iii) to read as follows:

§ 324.32 General risk weights.

(a) * * *

(iii) An FDIC-supervised institution must assign a zero percent risk weight to a Paycheck Protection Program covered loan as defined in section 7(a)(36) of the Small Business Act (15 U.S.C. 636(a)(36)).

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14. Amend § 324.131 by revising paragraph (e)(3)(viii) to read as follows:

§ 324.131 Mechanics for calculating total wholesale and retail risk-weighted assets.

* * * * *

(e) * * *

(3) * * *


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15. Add § 324.304 to read as follows:

§ 324.304 Exposures related to the Paycheck Protection Program Lending facility.

Notwithstanding any other section of this part, an FDIC-supervised institution may exclude exposures pledged as collateral for a non-recourse loan that is provided as part of the Paycheck Protection Program Lending Facility, announced by the Federal Reserve on April 7, 2020, from total leverage exposure, average total consolidated assets, advanced approaches total risk-weighted assets, and standardized total risk-weighted assets, as applicable. For the purpose of this section, an FDIC-supervised institution’s liability under the facility must be reduced by the principal amount of the loans pledged as collateral for funds advanced under the facility.

Brian P. Brooks,
First Deputy Comptroller of the Currency.

By order of the Board of Directors.

Dated at Washington, DC, on or about April 7, 2020.

Robert E. Feldman,
Executive Secretary.

[FR Doc. 2020–07712 Filed 4–10–20; 8:45 am]

BILLING CODE 4810–33–P 6210–01–P 6714–01–P

DEPARTMENT OF TRANSPORTATION
Federal Aviation Administration

14 CFR Part 39


RIN 2120–AA64

Airworthiness Directives; Bombardier, Inc., Airplanes

AGENCY: Federal Aviation Administration (FAA), Department of Transportation (DOT).

ACTION: Final rule.

SUMMARY: The FAA is adopting a new airworthiness directive (AD) for certain Bombardier, Inc., Model BD–100–1A10 airplanes. This AD was prompted by a report that during ALTS CAP or (V) ALTS CAP mode, the flight guidance/autopilot does not account for engine failure while capturing an altitude. This AD requires revising the existing airplane flight manual (AFM) to provide the flightcrew with new warnings for “Autoflight” and “Engine Failure in Climb During ALTS CAP.” The FAA is issuing this AD to address the unsafe condition on these products.

DATES: This AD is effective May 18, 2020.

The Director of the Federal Register approved the incorporation by reference of certain publications listed in this AD as of May 18, 2020.

ADDRESSES: For service information identified in this final rule, contact Bombardier, Inc., 200 Côte-Vertu Road West, Dorval, Québec H4S 2A3, Canada; North America toll-free phone: 1–866–538–1247 or direct-dial phone: 1–514–855–2999; email: ac.yul@aero.bombardier.com; internet: http://www.bombardier.com. You may view this service information at the FAA, Transport Standards Branch, 2200 South 216th St., Des Moines, WA. For information on the availability of this material at the FAA, call 206–231–3195. It is also available on the internet at https://www.regulations.gov by searching for and locating Docket No. FAA–2019–0728.

Examining the AD Docket

You may examine the AD docket on the internet at https://www.regulations.gov by searching for and locating Docket No. FAA–2019–0728; or in person at Docket Operations between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays.

The AD docket contains this final rule, the regulatory evaluation, any comments received, and other information. The address for Docket Operations is U.S. Department of Transportation, Docket Operations, M–30, West Building Ground Floor, Room W12–140, 1200 New Jersey Avenue SE, Washington, DC 20590.

FOR FURTHER INFORMATION CONTACT:


SUPPLEMENTARY INFORMATION:

Discussion

Transport Canada Civil Aviation (TCCA), which is the aviation authority for Canada, has issued Canadian AD CF–2019–12, dated April 3, 2019 (“Canadian AD CF–2019–12”) (also referred to as the Mandatory Continuing Airworthiness Information, or “the MCAI”), to correct an unsafe condition for certain Bombardier, Inc., Model BD–100–1A10 airplanes. You may examine the MCAI in the AD docket on the internet at https://www.regulations.gov by searching for and locating Docket No. FAA–2019–0728.

The FAA issued a notice of proposed rulemaking (NPRM) to amend 14 CFR part 39 by adding an AD that would apply to certain Bombardier, Inc., Model BD–100–1A10 airplanes. The NPRM published in the Federal Register on November 6, 2019 (84 FR 59739). The NPRM was prompted by a report that during ALTS CAP or (V) ALTS CAP mode, the flight guidance/autopilot does not account for engine failure while capturing an altitude. The NPRM proposed to require revising the existing AFM to provide the flightcrew with new warnings for “Autoflight” and “Engine Failure in Climb During ALTS CAP.” The FAA is issuing this AD to address the occurrence of an engine failure during or before a climb while in ALTS CAP or (V) ALTS CAP mode, as it could cause the airspeed to drop significantly below the safe operating speed and may require flightcrew intervention to maintain a safe operating speed. See the