# Press Release

# FEDERAL RESERVE press release



## Release Date: June 10, 2011

#### For immediate release

The Federal Reserve Board is seeking comment on a proposal to require top-tier U.S. bank holding companies with total consolidated assets of \$50 billion or greater to submit annual capital plans for review.

The aim of the capital plan review, which builds on the Comprehensive Capital Analysis and Review (CCAR) conducted earlier this year, is to ensure that institutions have robust, forwardlooking capital planning processes that account for their unique risks and that permit continued operations during times of economic and financial stress. Institutions would be expected to have credible plans to have sufficient capital so that they can continue to lend to households and businesses, even under adverse conditions. Boards of directors of the institutions would be required each year to review and approve capital plans before submitting them to the Federal Reserve.

The Federal Reserve would evaluate institutions' plans to make capital distributions, such as increasing dividend payments or repurchasing or redeeming stock, as part of the capital plan reviews. In some cases, such as when institutions' capital plans have been rejected by the Federal Reserve, firms would be required to receive approval from the Federal Reserve before making capital distributions.

The proposal would institutionalize the recently completed CCAR exercise. The CCAR involved a forward-looking analysis of the capital plans at the 19 largest U.S. bank holding companies. The CCAR followed the Supervisory Capital Assessment Program (SCAP), a standardized stress test led by the Federal Reserve in 2009.

As of March 31, the most recent available data, 35 U.S. bank holding companies had assets of at least \$50 billion. According to the proposal, the level of detail and analysis expected in each institution's capital plan would vary based on the company's size, complexity, risk profile, and scope of operations. The Federal Reserve plans to finalize the proposal later this year and to begin the annual capital plan reviews in early 2012.

The proposed capital plans would complement a number of components of the Dodd-Frank Wall Street Reform and Consumer Protection Act, including the development of enhanced prudential standards for large firms and required stress tests. As the Federal Reserve implements the Dodd-Frank Act, it is expected that the company-run Dodd-Frank stress tests will serve as one component of institutions' capital plans.

The Federal Reserve requests comments on the capital plan review proposal, which will be published soon in the *Federal Register*, by August 5, 2011.

For media inquiries, call 202-452-2955.

### Attachment (101 KB PDF)