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FEDERAL DEPOSIT INSURANCE CORPORATION

12 CFR Part 324

RIN 3064-AF49

Regulatory Capital Rule: Paycheck Protection Program Lending Facility and Paycheck Protection Program Loans; Correction

AGENCY: Federal Deposit Insurance Corporation.

ACTION: Final rule; correcting amendment.

SUMMARY: The Federal Deposit Insurance Corporation (FDIC) is correcting its rule text in conjunction with the interagency interim final rule that appeared in the *Federal Register* on April 13, 2020, titled “Regulatory Capital Rule: Paycheck Protection Program Lending Facility and Paycheck Protection Program Loans.” This correction is necessary to conform the FDIC’s rule text to the regulations of the other federal banking agencies that issued that interagency interim final rule.

DATES: Effective [INSERT DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

FOR FURTHER INFORMATION CONTACT: *FDIC*: Michael Phillips, Counsel, mphillips@fdic.gov; Catherine Wood, Counsel, cawood@fdic.gov; Francis Kuo, Counsel, fkuo@fdic.gov, Supervision Branch, Legal Division, Federal Deposit Insurance Corporation, 550 17th Street, NW, Washington, DC 20429.

SUPPLEMENTARY INFORMATION:

On April 13, 2020, the Office of the Comptroller of the Currency (OCC), Board

of Governors of the Federal Reserve System (Board), and the FDIC (collectively, the agencies) published a final rule “Regulatory Capital Rule: Paycheck Protection Program Lending Facility and Paycheck Protection Program Loans” (PPPL final rule).¹ In the wake of economic disruptions caused by COVID-19, the Board of Governors of the Federal Reserve System 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, 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 PPPL final rule allows banking organizations to neutralize the regulatory capital effects of participating in the facility.

The PPPL final rule permits 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. The PPPL final rule also amends section 32 of the FDIC’s regulatory 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.²

This correcting amendment will add a new § 324.131(e)(3)(viii) to the FDIC’s regulatory capital rule in conformance with the regulatory capital rules of the other federal banking agencies.

For the reasons stated in the preamble, the FDIC corrects 12 CFR part 324 as

¹ 85 FR 20387 (April 13, 2020).

² See the definition of “total capital” in the FDIC’s capital rules in 12 CFR 324.2.

follows:

PART 324—CAPITAL ADEQUACY OF FDIC-SUPERVISED INSTITUTIONS

1. The authority citation for part 324 continues to read as follows:

Authority: 12 U.S.C. 1815(a), 1815(b), 1816, 1818(a), 1818(b), 1818(c), 1818(t), 1819(Tenth), 1828(c), 1828(d), 1828(i), 1828(n), 1828(o), 1831o, 1835, 3907, 3909, 4808; 5371; 5412; Pub. L. 102–233, 105 Stat. 1761, 1789, 1790 (12 U.S.C. 1831n note); Pub. L. 102–242, 105 Stat. 2236, 2355, as amended by Pub. L. 103–325, 108 Stat. 2160, 2233 (12 U.S.C. 1828 note); Pub. L. 102–242, 105 Stat. 2236, 2386, as amended by Pub. L. 102–550, 106 Stat. 3672, 4089 (12 U.S.C. 1828 note); Pub. L. 111–203, 124 Stat. 1376, 1887 (15 U.S.C. 78o–7 note); Pub. L. No. 115–174; Pub. L. No. 116-136, 134 Stat. 281.

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

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

* * * * *

(e) * * *

(3) * * *

(viii) The risk-weighted asset amount for 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)) equals zero.

* * * * *

Federal Deposit Insurance Corporation.

Dated in Washington, DC, on April 15, 2020.

Robert E. Feldman,

Executive Secretary.

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