



[Docket No. OP-1865]

Announcement of Financial Sector Liabilities

The Board's Regulation XX prohibits a merger or acquisition that would result in a financial company that controls more than 10 percent of the aggregate consolidated liabilities of all financial companies ("aggregate financial sector liabilities").¹ Specifically, an insured depository institution, a bank holding company, a savings and loan holding company, a foreign banking organization, any other company that controls an insured depository institution, and a nonbank financial company designated by the Financial Stability Oversight Council (each, a "financial company") is prohibited from merging or consolidating with, acquiring all or substantially all of the assets of, or acquiring control of, another company if the resulting company's consolidated liabilities would exceed 10 percent of the aggregate financial sector liabilities.²

Under Regulation XX, the Federal Reserve will publish the aggregate financial sector liabilities by July 1 of each year. Aggregate financial sector liabilities are equal to the average of the year-end financial sector liabilities figure (as of December 31) of each of the preceding two calendar years.

FOR FURTHER INFORMATION CONTACT:

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¹ Regulation XX implements section 622 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. *See* 12 U.S.C. 1852.

² 12 U.S.C. 1852(a)(2), (b); 12 CFR 251.3.

telephone, anywhere in the United States; Board of Governors of the Federal Reserve System, 20th and C Streets, NW, Washington, DC 20551.

Aggregate financial sector liabilities

“Aggregate financial sector liabilities” is equal to \$23,223,259,570,000.³ This measure is in effect from July 1, 2025 through June 30, 2026.

Calculation methodology

The aggregate financial sector liabilities measure equals the average of the year-end financial sector liabilities figure (as of December 31) of each of the preceding two calendar years. The year-end financial sector liabilities figure equals the sum of the total consolidated liabilities of all top-tier U.S. financial companies and the U.S. liabilities of all top-tier foreign financial companies, calculated using the applicable methodology for each financial company, as set forth in Regulation XX and summarized below.

Consolidated liabilities of a U.S. financial company that was subject to consolidated risk-based capital rules as of December 31 of the year being measured, equal the difference between the U.S. financial company’s risk-weighted assets (as adjusted upward to reflect amounts that are deducted from regulatory capital elements pursuant to the Federal banking agencies’ risk-based capital rules) and total regulatory capital, as calculated under the applicable risk-based capital rules. Companies in this category include (with certain exceptions listed below) bank holding companies, savings and loan holding companies, and insured depository institutions. The Federal Reserve used information collected on the Consolidated Financial Statements for Holding Companies (“FR Y-9C”) and the Bank Consolidated Reports of Condition and Income (“Call Report”) to calculate liabilities of these institutions.

³ This number reflects the average of the financial sector liabilities figure for the years ending December 31, 2023 (\$23,355,716,578,000) and December 31, 2024 (\$23,090,802,562,000).

Consolidated liabilities of a U.S. financial company not subject to consolidated risk-based capital rules as of December 31 of the year being measured, equal liabilities calculated in accordance with applicable accounting standards. Companies in this category include nonbank financial companies supervised by the Board, bank holding companies and savings and loan holding companies subject to the Federal Reserve’s Small Bank Holding Company Policy Statement, savings and loan holding companies substantially engaged in insurance underwriting or commercial activities, and U.S. companies that control insured depository institutions but are not bank holding companies or savings and loan holding companies. “Applicable accounting standards” is defined as Generally Accepted Accounting Principles (“GAAP”), or such other accounting standard or method of estimation that the Board determines is appropriate.⁴ The Federal Reserve used information collected on the FR Y-9C, the Parent Company Only Financial Statements for Small Holding Companies (“FR Y-9SP”), and the Financial Company Report of Consolidated Liabilities (“FR XX-1”) to calculate liabilities of these institutions.

Under Regulation XX, liabilities of a foreign banking organization’s U.S. operations are calculated using the risk-weighted asset methodology for subsidiaries subject to the risk-based capital rule, plus the assets of all branches, agencies, and nonbank subsidiaries, calculated in accordance with applicable accounting standards. Liabilities attributable to the U.S. operations of a foreign financial company that is not a foreign banking organization are calculated in a

⁴ A financial company may request to use an accounting standard or method of estimation other than GAAP if it does not calculate its total consolidated assets or liabilities under GAAP for any regulatory purpose (including compliance with applicable securities laws). 12 CFR 251.3(e). In previous years, the Board received and approved requests from eleven financial companies to use an accounting standard or method of estimation other than GAAP to calculate liabilities. Ten of the companies were insurance companies that reported financial information under Statutory Accounting Principles (“SAP”), and one was a foreign company that controlled a U.S. industrial loan company that reported financial information under International Financial Reporting Standards (“IFRS”). For the insurance companies, the Board approved a method of estimation that was based on line items from SAP-based reports, with adjustments to reflect certain differences in accounting treatment between GAAP and SAP. For the foreign company, the Board approved the use of IFRS. Such companies that continue to be subject to Regulation XX continue to use the previously approved methods. The Board did not receive any new requests this year.

similar manner to the method described for foreign banking organizations, and liabilities of a U.S. subsidiary not subject to the risk-based capital rule are calculated based on the U.S. subsidiary's liabilities under applicable accounting standards. The Federal Reserve used information collected on the Capital and Asset Report for Foreign Banking Organizations ("FR Y-7Q"), the FR Y-9C, and the FR XX-1 to calculate liabilities of these institutions.

By order of the Board of Governors of the Federal Reserve System, acting through the Director of Supervision and Regulation under delegated authority.

Benjamin W. McDonough,

Deputy Secretary of the Board.

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