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This section of the FEDERAL REGISTER contains regulatory documents having general applicability and legal effect, most of which are keyed to and codified in the Code of Federal Regulations, which is published under 50 titles pursuant to 44 U.S.C. 1510.

The Code of Federal Regulations is sold by the Superintendent of Documents.

DEPARTMENT OF AGRICULTURE

Rural Utilities Service

7 CFR Part 1779

Rural Housing Service

7 CFR Part 3575

Rural Business-Cooperative Service

7 CFR Part 4287

Notification of Guarantee Loan Payment Deferrals for Business and Industry Loan Guarantees, Rural Energy for America Program Loan Guarantees, Community Facilities Loan Guarantees, and Water and Waste Loan Guarantees

AGENCY: Rural Business-Cooperative Service, Rural Housing Service, and Rural Utilities Service, USDA.

ACTION: Notification.

SUMMARY: The Rural-Business Cooperative Service (RBCS), Rural Housing Service (RHS), and Rural Utilities Service (RUS) agencies of the Rural Development mission area, hereinafter referred to as Agency, will temporarily allow lenders with guaranteed loans with the Agency to unilaterally offer payment deferrals for the period specified in the **DATES** section of this notification to their customers who may be experiencing temporary cash flow issues due to the Coronavirus (COVID-19) pandemic.

DATES: This policy is effective March 31, 2020 and the temporary authorization expires on September 30, 2020.

FOR FURTHER INFORMATION CONTACT: For RBCS, Aaron Morris, Director, Program Processing Division, 202-720-1501, Aaron.Morris@usda.gov; for RHS, Deborah Jackson, Director, Guaranteed Loan Processing and Servicing Division, 202-720-8454, Deborah.Jackson2@usda.gov; for RUS, James Fritz, Water

and Environmental Programs, 413-253-4303, James.Fritz2@usda.gov.

SUPPLEMENTARY INFORMATION: In accordance with 7 CFR 4287.107 (RBCS), 7 CFR 3575.69 (RHS), and 7 CFR 1779.69 (RUS), the lender is responsible for servicing the entire loan and for taking all servicing actions that a reasonably prudent lender would perform in servicing its own portfolio of loans that are not guaranteed. Beginning immediately and through September 30, 2020, the USDA Business and Industry Guaranteed Loan Program (B&I), Rural Energy for America Program (REAP), Community Facilities Guaranteed Loan Program, and Water and Waste Guaranteed Program lenders may assist borrowers experiencing temporary cash flow issues resulting from the COVID-19 pandemic, by deferring payments for a period no longer than 180 days from the date the original payment is due. The lender must notify the Agency in writing of any payment deferrals. Written notification to the Agency will meet the standard for concurrence until September 30, 2020. After September 30, 2020, lenders must resume obtaining Agency approval in accordance with all applicable program regulations, forms, and existing authorities. A response from the Agency is not required. This guidance applies to all borrowers that had a current repayment status as of January 31, 2020.

If the loan has been sold on the secondary market, the secondary market holder and lender must agree to the deferral actions being taken. The Agency will expect a written agreement signed by both parties in these instances prior to executing any payment deferral action.

The Agency does not consider a loan that is under a deferral or forbearance agreement to be a delinquent loan. Unpaid interest accruing during a deferral or forbearance agreement is not subject to the limitation of the guarantee of accrued interest under 7 CFR 4287.145(d) (RBCS), 7 CFR 3575.3 (RHS), nor 7 CFR 1779.3 (RUS).

Bette B. Brand,

Deputy Under Secretary Rural Development.

[FR Doc. 2020-06706 Filed 3-27-20; 11:15 am]

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DEPARTMENT OF TREASURY

Office of the Comptroller of the Currency

12 CFR Part 3

[Docket ID OCC-2018-0030; RIN 1557-AE44]

FEDERAL RESERVE SYSTEM

12 CFR Part 217

[Regulation Q; Docket No. R-1629; RIN 7100-AF22]

FEDERAL DEPOSIT INSURANCE CORPORATION

12 CFR Part 324

RIN 3064-AF43

Standardized Approach for Calculating the Exposure Amount of Derivative Contracts

AGENCY: Office of the Comptroller of the Currency, Treasury; the Board of Governors of the Federal Reserve System; and the Federal Deposit Insurance Corporation.

ACTION: Notification.

SUMMARY: In light of recent economic disruptions caused by the COVID-19 virus and recent volatility in U.S. financial markets, the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation (collectively, the agencies) are issuing a document to allow depository institutions and depository institution holding companies to implement the final rule titled Standardized Approach for Calculating the Exposure Amount of Derivative Contracts (SA-CCR rule) for the first quarter of 2020, on a best efforts basis.

DATES: Effective March 31, 2020.

FOR FURTHER INFORMATION CONTACT:

OCC: Margot Schwadron, Director, or Guowei Zhang, Risk Expert, Capital and Regulatory Policy, (202) 649-6370; or Carl Kaminski, Special Counsel, Kevin Korzeniewski, Counsel, Daniel Perez, Senior Attorney, Chief Counsel's Office, (202) 649-5490; the Office of the Comptroller of the Currency, 400 7th Street SW, Washington, DC 20219.

Board: Constance M. Horsley, Deputy Associate Director, (202) 452-5239;

Teresa A. Scott, Manager, (202) 475–6316; Eusebius Luk, Senior Financial Institution Policy Analyst I, (202) 452–2874; Division of Supervision and Regulation; or Benjamin W. McDonough, Assistant General Counsel, (202) 452–2036; Mark Buresh, Senior Counsel, (202) 452–5270; Jonah Kind, Senior Attorney, (202) 452–2045; Legal Division, Board of Governors of the Federal Reserve System, 20th and C Streets NW, Washington, DC 20551. For the hearing impaired only, Telecommunication Device for the Deaf, (202) 263–4869.

FDIC: Bobby R. Bean, Associate Director, bbean@fdic.gov; Irina Leonova, Acting Chief, Capital Strategies Section, ileonova@fdic.gov; Peter Yen, Senior Policy Analyst, pyen@fdic.gov, Capital Markets Branch, Division of Risk Management Supervision, (202) 898–6888; or Michael Phillips, Counsel, mphillips@fdic.gov; Catherine Wood, Counsel, cawood@fdic.gov; Supervision Branch, Legal Division, Federal Deposit Insurance Corporation, 550 17th Street NW, Washington, DC 20429.

SUPPLEMENTARY INFORMATION: The Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation (collectively, the agencies) recently adopted the final rule titled Standardized Approach for Calculating the Exposure Amount of Derivative Contracts (SA–CCR rule).¹ The SA–CCR rule implements a new approach—the standardized approach for counterparty credit risk (SA–CCR methodology)—for calculating the exposure amount of derivative contracts under the agencies’ regulatory capital rule (capital rule). The SA–CCR rule also revises other aspects of the capital rule related to total leverage exposure (the denominator of the supplementary leverage ratio) and the cleared transactions framework.

The agencies are permitting a banking organization the flexibility to implement the SA–CCR rule, including the SA–CCR methodology and the other amendments described in the SA–CCR rule, one quarter early and on a best efforts basis if the banking organization chooses to do so.²

Recent events have suddenly and significantly impacted financial markets. The spread of the COVID–19 virus has disrupted economic activity in many countries. In addition, financial

markets have experienced significant volatility. The magnitude and persistence of the overall effects on the economy remain highly uncertain. The notification should help to mitigate the impact of recent dislocations in the U.S. economy as a result of COVID–19. By allowing early adoption of the SA–CCR rule, the notification allows banking organizations to implement the SA–CCR methodology’s more risk-sensitive measurement of the exposure amounts of derivative contracts one quarter earlier than the SA–CCR rule provided. For purposes of any early adoption of the SA–CCR rule, the agencies understand that banking organizations are in the process of refining their systems to implement the SA–CCR rule and, therefore, for purposes of the first quarter, early adoption would be on a best efforts basis.

The SA–CCR rule was issued with an effective date of April 1, 2020. The SA–CCR rule provides banking organizations the option to adopt the SA–CCR methodology for derivative contracts beginning on April 1, 2020. For advanced approaches banking organizations, adoption of the SA–CCR methodology is mandatory beginning January 1, 2022. As a result, by no later than January 1, 2022, advanced approaches banking organizations must use the SA–CCR methodology for purposes of standardized total risk-weighted assets and the supplementary leverage ratio, and must use either the SA–CCR methodology or the internal models methodology for purposes of advanced approaches total risk-weighted assets. The SA–CCR rule provides non-advanced approaches banking organization the option to adopt the SA–CCR methodology for purposes of standardized total risk-weighted assets and, if applicable, the supplementary leverage ratio, beginning April 1, 2020. As a result, banking organizations could adopt the SA–CCR methodology as early as April 1, 2020, and advanced approaches banking organizations are required to adopt the SA–CCR methodology beginning January 1, 2022.

The SA–CCR rule also included several other amendments to the capital rule that are effective as of April 1, 2020. These amendments include, among others: (1) A 2 percent or a 4 percent risk-weight for cash collateral posted to a qualifying central counterparty (QCCP) subject to certain requirements; (2) the ability of a clearing member banking organization to recognize client collateral posted to a central counterparty (CCP) under certain circumstances; (3) a zero percent risk-weight for the CCP-facing portion of a

transaction where a clearing member banking organization does not guarantee the performance of the CCP to the clearing member’s client; and (4) the ability of a clearing member banking organization to apply a 5-day holding period for collateral associated with client-facing derivatives for purposes of the collateral haircut approach.

The agencies are allowing banking organizations to implement the SA–CCR rule, including the SA–CCR methodology and the other amendments, on a best efforts basis immediately. A banking organization that elects to adopt the SA–CCR methodology must adopt the SA–CCR methodology for all derivative contracts; it cannot implement the SA–CCR methodology for a subset of its derivative contracts. However, a banking organization may adopt some of the other amendments described in the SA–CCR rule regardless of whether it chooses to early adopt the SA–CCR methodology.³

The agencies expect to make related amendments to the Call Report, FFIEC 101, and FR Y–9C, as applicable, filed as of March 31, 2020, to reflect this notification. These amendments will be addressed in a separate **Federal Register** document. Adopting the SA–CCR rule on a best efforts basis for the first quarter of 2020 is optional for all banking organizations subject to the capital rule. The SA–CCR rule effective date will remain April 1, 2020, and the mandatory compliance date will remain January 1, 2022.

Morris R. Morgan,

First Deputy Comptroller, Office of the Comptroller of the Currency.

By order of the Board of Governors of the Federal Reserve System.

Ann Misback,

Secretary of the Board.

Federal Deposit Insurance Corporation.

By order of the Board of Directors.

Dated at Washington, DC, on or about March 26, 2020.

Robert E. Feldman,

Executive Secretary.

[FR Doc. 2020–06755 Filed 3–30–20; 8:45 am]

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¹ See 85 FR 4362 (January 24, 2020).

² The SA–CCR rule had an original effective date of April 1, 2020, the first day of the calendar quarter following publication in the **Federal Register**, pursuant to 12 U.S.C. 4802(b)(1). Banking organizations may elect to comply before the effective date pursuant to 12 U.S.C. 4802(b)(2).

³ Certain of the other amendments, such as the ability of a banking organization to use SA–CCR for the calculation of exposure under the OCC’s lending limits rule, are dependent on the banking organization adopting the SA–CCR methodology.