

RESCINDED

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Replaced-See OCC 2020-7

Capital: Notice of Proposed Rulemaking

Summary

On December 17, 2018, the Office of the Comptroller of the Currency (OCC), Board of Governors of the Federal Reserve System, and Federal Deposit Insurance Corporation (collectively, the agencies) published a notice of proposed rulemaking (NPR) to provide an updated framework for measuring derivative counterparty credit exposure. The proposed rule would replace the existing current exposure methodology (CEM) with the Standardized Approach for Counterparty Credit Risk (SA-CCR) for banks subject to the advanced approaches, while permitting smaller banks to use CEM or SA-CCR. SA-CCR is a more risk sensitive approach that better reflects industry practices of netting derivative contracts and exchanging margin.

To

Chief Executive Officers of All National Banks and Federal Savings Associations; Federal Branches and Agencies of Foreign Banks; Department and Division Heads; All Examining Personnel; and Other Interested Parties

Note for Community Banks

Under the proposed rule, community banks would have the option, but would not be required, to use the SA-CCR framework.

Highlights

The proposed rule would

- require advanced approaches banks to use the SA-CCR framework for measuring credit risk for derivatives exposures in place of CEM.
- permit other banks to use SA-CCR in place of the existing current exposure methodology.
- make technical amendments to the capital rule with respect to certain derivatives transactions.

Further Information

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Related Link

- [“Standardized Approach for Calculating the Exposure Amount of Derivate Contracts”](#)