

RESCINDED

OCC Bulletin 2020-42| April 22, 2020

Current Expected Credit Losses: Final Rule With Technical Changes to Interim Final Rule

Replaced - See OCC 2020-85

Summary

The Office of the Comptroller of the Currency (OCC), the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation (collectively, the agencies) today announced a final rule¹ that makes technical changes in the interim final rule that the agencies announced on March 27, 2020. The interim final rule allows certain banks to delay the estimated impact on regulatory capital stemming from the implementation of Accounting Standards Update No. 2016-13, "Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" (CECL²).

To

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

Note for Community Banks

The final rule applies to all OCC-supervised banks³ that implement CECL before the end of 2020.

Highlights

The final rule makes these technical changes to the interim final rule:

- Specifies that Category III banking organizations that elect to use the CECL transition in the interim final rule can adjust total leverage exposure when calculating the supplemental leverage ratio.
- Clarifies that for purposes of calculating the modified CECL transitional amount and modified adjusted allowances for credit losses transitional amount under the interim final rule, the CECL transitional amount, deferred tax assets transitional amount, and adjusted allowances for credit losses transitional amount can be either a positive or negative number.

Comments on the interim final rule must be received no later than May 15, 2020.

Further Information

Please contact the following members of Capital Policy at (202) 649-6370: Mark Ginsberg, Senior Risk Expert; Benjamin Pegg, Risk Expert; or Jung Sup Kim, Risk Specialist. Or contact John P. Shelly, Professional Accounting Fellow, Office of the Chief Accountant, at (202) 649-6550; or Kevin Korzeniewski, Counsel, Chief Counsel's Office, at (202) 649-5490.

Jonathan V. Gould

Senior Deputy Comptroller and Chief Counsel

Related Links

- ["Regulatory Capital Rule: Revised Transition of the Current Expected Credit Losses Methodology for Allowances" \(PDF\)](#)
- [OCC Bulletin 2020-27](#), "Current Expected Credit Losses: Interim Final Rule"

¹ Refer to OCC Bulletin, 2020-27, "Current Expected Credit Losses: Interim Final Rule."

² CECL is an acronym for current expected credit losses.

³ The term "banks" refers collectively to national banks and federal savings associations.

RESCINDED