

Federal Reserve System

§217.172

(ii) Has an initial term of at least one year and a residual term of more than 90 days;

(iii) Has a minimum notice period for cancellation by the provider of 90 days;

(iv) Has no exclusions or limitations based upon regulatory action or for the receiver or liquidator of a failed depository institution; and

(v) Is explicitly mapped to a potential operational loss event;

(2) Operational risk mitigants other than insurance for which the Board has given prior written approval. In evaluating an operational risk mitigant other than insurance, the Board will consider whether the operational risk mitigant covers potential operational losses in a manner equivalent to holding total capital.

§217.162 Mechanics of risk-weighted asset calculation.

(a) If a Board-regulated institution does not qualify to use or does not have qualifying operational risk mitigants, the Board-regulated institution's dollar risk-based capital requirement for operational risk is its operational risk exposure minus eligible operational risk offsets (if any).

(b) If a Board-regulated institution qualifies to use operational risk mitigants and has qualifying operational risk mitigants, the Board-regulated institution's dollar risk-based capital requirement for operational risk is the greater of:

(1) The Board-regulated institution's operational risk exposure adjusted for qualifying operational risk mitigants minus eligible operational risk offsets (if any); or

(2) 0.8 multiplied by the difference between:

(i) The Board-regulated institution's operational risk exposure; and

(ii) Eligible operational risk offsets (if any).

(c) The Board-regulated institution's risk-weighted asset amount for operational risk equals the Board-regulated institution's dollar risk-based capital requirement for operational risk determined under sections 162(a) or (b) multiplied by 12.5.

§§ 217.163–217.170 [Reserved]

DISCLOSURES

§ 217.171 Purpose and scope.

§§217.171 through 217.173 establish public disclosure requirements related to the capital requirements of a Board-regulated institution that is an advanced approaches Board-regulated institution.

§ 217.172 Disclosure requirements.

(a) A Board-regulated institution that is an advanced approaches Board-regulated institution that has completed the parallel run process and that has received notification from the Board pursuant to section 121(d) of subpart E of this part must publicly disclose each quarter its total and tier 1 risk-based capital ratios and their components as calculated under this subpart (that is, common equity tier 1 capital, additional tier 1 capital, tier 2 capital, total qualifying capital, and total risk-weighted assets).

(b) A Board-regulated institution that is an advanced approaches Board-regulated institution that has completed the parallel run process and that has received notification from the Board pursuant to section 121(d) of subpart E of this part must comply with paragraph (c) of this section unless it is a consolidated subsidiary of a bank holding company, savings and loan holding company, or depository institution that is subject to these disclosure requirements or a subsidiary of a non-U.S. banking organization that is subject to comparable public disclosure requirements in its home jurisdiction.

(c)(1) A Board-regulated institution described in paragraph (b) of this section must provide timely public disclosures each calendar quarter of the information in the applicable tables in §217.173. If a significant change occurs, such that the most recent reported amounts are no longer reflective of the Board-regulated institution's capital adequacy and risk profile, then a brief discussion of this change and its likely impact must be disclosed as soon as practicable thereafter. Qualitative disclosures that typically do not change each quarter (for example, a general