

(k) *Shareholders of Federal stock savings associations*—(1) *Shareholder meetings.* (i) *In general.* A meeting of the shareholders of the association for the election of directors and for the transaction of any other business of the association shall be held annually within 150 days after the end of the association's fiscal year. Unless otherwise provided in the association's charter, special meetings of the shareholders may be called by the board of directors or on the request of the holders of 10 percent or more of the shares entitled to vote at the meeting, or by such other persons as may be specified in the bylaws of the association.

(ii) *Location of shareholder meetings.* (A) *In general.* All annual and special meetings of shareholders of the association shall be held at any convenient place the board of directors may designate. The association's bylaws may provide for the telephonic or electronic participation of shareholders in these meetings. Shareholders participating in an annual or special meeting telephonically or electronically will be deemed present in person for purposes of the quorum requirement in paragraph (k)(5) of this section.

(B) *Procedures for telephonic or electronic participation.* If the association's bylaws provide for telephonic or electronic participation in shareholder meetings, the association must elect to follow corporate governance procedures for these meetings pursuant to paragraph (j)(2)(iii) of this section that include procedures for telephonic or electronic participation in shareholder meetings. The association must indicate the use of these elected procedures in its bylaws.

(1) * * *

(3) * * * The bylaws may provide for telephonic or electronic participation at these meetings.

* * * * *

(8) * * * The bylaws may provide for telephonic or electronic participation at a special meeting.

* * * * *

PART 7—ACTIVITIES AND OPERATIONS

■ 4. The authority citation for part 7 continues to read as follows:

Authority: 12 U.S.C. 1 *et seq.*, 25b, 29, 71, 71a, 92, 92a, 93, 93a, 95(b)(1), 371, 371d, 481, 484, 1463, 1464, 1465, 1818, 1828(m), 3102(b), and 5412(b)(2)(B).

§ 7.1001 [Reserved]

■ 6. Remove and reserve § 7.1001.

■ 7. Revise § 7.2003 to read as follows:

§ 7.2003 Shareholder meetings; Board of directors meetings.

(a) *Notice of shareholders' meetings.* A national bank must mail shareholders notice of the time, place, and purpose of all shareholders' meetings at least 10 days prior to the meeting by first class mail, unless the OCC determines that an emergency circumstance exists. Where a national bank is a wholly-owned subsidiary, the sole shareholder is permitted to waive notice of the shareholder's meeting. The articles of association, bylaws, or law applicable to a national bank may require a longer period of notice.

(b) *Annual meeting for election of directors.* When the day fixed for the regular annual meeting of the shareholders falls on a legal holiday in the State in which the bank is located, the shareholders' meeting must be held, and the directors elected, on the next following banking day.

(c) *Virtual participation at shareholder meetings*—(1) *In general.* A national bank may provide for telephonic or electronic participation at shareholder meetings.

(2) *Procedures.* A national bank must follow the procedures for telephonic or electronic participation in a shareholder meeting of the corporate governance procedures it has elected to follow pursuant to § 7.2000(b), if those elected procedures include telephonic or electronic participation procedures; the Delaware General Corporation Law, Del. Code Ann. Tit. 8 (1991, as amended 1994, and as amended thereafter); or the Model Business Corporation Act, provided, however, that such procedures are not inconsistent with applicable Federal statutes and regulations and safety and soundness. The national bank must indicate the use of these procedures in its bylaws.

(d) *Virtual participation at board of directors meetings.* A national bank may provide for telephonic or electronic participation at a meeting of its board of directors.

Brian P. Brooks,

First Deputy Comptroller, Comptroller of the Currency.

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FEDERAL RESERVE SYSTEM

12 CFR Part 252

[Regulation YY; Docket No. R–1534]

RIN 7100–AE 38

Single-Counterparty Credit Limits for Bank Holding Companies and Foreign Banking Organizations

AGENCY: Board of Governors of the Federal Reserve System (Board).

ACTION: Final rule to extend compliance dates.

SUMMARY: The Board is adopting a final rule to amend the compliance dates related to Single-Counterparty Credit Limits for Bank Holding Companies and Foreign Banking Organizations (final SCCL rule). The final rule revises the final SCCL rule to modify the initial compliance dates of January 1, 2020, for a foreign banking organization that has the characteristics of a global systemically important banking organization, and July 1, 2020, for any other foreign banking organization subject to the final SCCL rule to July 1, 2021, and January 1, 2022, respectively, regarding the SCCL applicable to a foreign banking organization's combined U.S. operations only.

DATES: The final rule is effective on May 28, 2020.

FOR FURTHER INFORMATION CONTACT:

Constance M. Horsley, Deputy Associate Director, (202) 452–5239; Kathryn Ballintine, Manager, (202) 452–2555; Lesley Chao, Lead Financial Institution Policy Analyst, (202) 974–7063; or Donald Gabbai, Lead Financial Institution Policy Analyst, (202) 452–3358, Division of Supervision and Regulation; or Laurie Schaffer, Deputy General Counsel, (202) 452–2272; Benjamin W. McDonough, Assistant General Counsel, (202) 452–2036; Chris Callanan, Counsel, (202) 452–3594; Lucy Chang, Counsel, (202) 475–6331; or Jeffery Zhang, Attorney, (202) 736–1968, Legal Division, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue NW, Washington, DC 20551.

SUPPLEMENTARY INFORMATION:

I. Discussion

On August 6, 2018, the Board published in the **Federal Register** a final rule to establish single-counterparty credit limits (SCCL) for bank holding companies and foreign banking organizations (FBOs) with total consolidated assets of at least \$250 billion, pursuant to section 165(e) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (final SCCL

rule).¹ The rule was amended as part of the Board's recent tailoring rule establishing risk-based categories for determining prudential standards for large U.S. banking organizations and FBOs.² For FBOs, the amended final SCCL rule established separate SCCL applicable to (1) the combined U.S. operations of an FBO that is subject to Category II or III standards or that has total global consolidated assets of \$250 billion or more, and (2) any U.S. intermediate holding company (IHC) that is subject to Category II or III standards. With respect to the SCCL applicable to the combined U.S. operations of an FBO, the final SCCL rule established different compliance dates based on whether the FBO has the characteristics of a global systemically important banking organization (GSIB). An FBO that has the characteristics of a GSIB must comply with these SCCL beginning on January 1, 2020, while an FBO that does not have the characteristics of a GSIB must comply beginning on July 1, 2020, unless that time is extended by the Board in writing.³

The final SCCL rule allows an FBO to comply with the SCCL applicable to its combined U.S. operations by certifying to the Board that it meets, on a consolidated basis, SCCL standards established by its home country supervisor that are consistent with the large exposures framework published by the Basel Committee on Banking Supervision in 2014 (BCBS Large Exposure Standard). Because the BCBS Large Exposure Standard is consistent with the Board's final SCCL rule, this approach reduces burden.⁴

Following the Board's adoption of the final SCCL rule, many foreign banks and their trade associations noted that, although efforts are underway in many jurisdictions to implement the BCBS Large Exposure Standard, the framework may not be fully implemented in the home countries of FBOs before the initial compliance dates of the final SCCL rule. Foreign banks indicated that it would be significantly burdensome to build systems to permit their combined U.S. operations to report compliance with the Board's final SCCL rule solely for use during the implementation gap period, since those FBOs will eventually be subject instead to a home-country large exposures framework consistent with the BCBS

Large Exposure Standard on a consolidated basis.

The home countries of the FBOs whose combined U.S. operations are subject to the Board's final SCCL rule are China, Canada, Switzerland, Japan, the United Kingdom, and member states of the European Union. Those countries generally have made progress over the past year on implementing the BCBS Large Exposure Standard. At this time, China, Canada, and Switzerland have final frameworks that have become effective.⁵ The European Union has finalized an SCCL framework that will become effective on June 28, 2021.⁶ Japan does not yet have a final effective framework. The United Kingdom is expected to follow the European Union's final framework.⁷

In adopting the final SCCL rule, the Board agreed to defer to home country compliance with the BCBS Large Exposure Standard to prevent application of two largely redundant SCCL frameworks to the combined U.S. operations of FBOs.⁸ For the above reasons, on November 20, 2019, the Board issued a proposed rule to modify the initial compliance dates regarding the SCCL applicable to an FBO's combined U.S. operations by 18 months to July 1, 2021, for an FBO that has the characteristics of a GSIB, and January 1, 2022, for any other FBO subject to the final SCCL rule, unless that time is extended by the Board in writing.

The comment period for the Board's proposal to modify the final SCCL rule's initial compliance dates as described above ended on December 20, 2019. The Board received four comment letters on the proposed extension, three of which supported the proposed 18-month extension of time, and one of which was

not directly relevant to the proposal. No commenter requested any alternate or additional extension of time for specific events or circumstances, although one commenter suggested that, to the extent certain home countries need additional time to implement the BCBS Large Exposure Standard, the Board should allow individual FBOs to seek reasonable, limited extensions beyond the proposed 18-month period.

Having considered these comments, the Board is adopting the rule as proposed. The 18-month period takes into account the effective date of the EU's framework, and the Board believes it provides a reasonable period for firms to come into compliance with the final SCCL rule, either through direct compliance or certification of compliance with a home-country framework consistent with the BCBS Large Exposure Standard. To the extent an individual FBO believes its specific circumstances warrant an additional, limited extension of time, that FBO may request an extension of time from the Board in writing. The Board will consider such requests on a case-by-case basis.

II. Administrative Law Matters

A. Administrative Procedure Act

The Board is issuing the final rule without the delayed effective date ordinarily prescribed by the Administrative Procedure Act (APA).⁹ The APA requires a 30-day delayed effective date, except for (1) substantive rules which grant or recognize an exemption or relieve a restriction; (2) interpretative rules and statements of policy; or (3) as otherwise provided by the agency for good cause.¹⁰ Because the rule relieves a restriction, the final rule is exempt from the APA's delayed effective date requirement.¹¹

B. Paperwork Reduction Act

Certain provisions of the final rule contain "collections of information" within the meaning of the Paperwork Reduction Act of 1995 (PRA) (44 U.S.C. 3501–3521). The Board may not conduct or sponsor, and a respondent is not required to respond to, an information collection unless it displays a currently valid Office of Management and Budget (OMB) control number. The Board reviewed the final rule under the authority delegated to the Board by OMB. The Board did not receive any specific comments on the PRA for the proposal.

⁹ 5 U.S.C. 553.

¹⁰ 5 U.S.C. 553(d).

¹¹ 5 U.S.C. 553(d)(1).

⁵ See FINMA Circular 2013/7 "Intragroup exposure—banks" and Circular 2019/1 "Risk diversification—banks" (effective as of Jan. 1, 2019); IMF, Peoples Republic of China: Detailed Assessment of Observance of Basel Core Principles for Effective Banking Supervision, IMF Country Report No. 17/403 (Dec. 2017); OSFI Guideline B–2, Large Exposure Limits (effective as of Nov. 1, 2019). Although Canada's framework was effective as of November 1, 2019, implementation by Canadian banks will begin in Q1 2020.

⁶ See Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012.

⁷ An 11-month transition period, due to end on December 31, 2020 was established after the UK formally left the European Union on January 31, 2020. During this 11-month period, the UK will continue to follow all of the European Union's rules and its trading relationship will remain the same.

⁸ 83 FR at 38487.

¹ 83 FR 38460 (Aug. 6, 2019). See also 12 U.S.C. 5365(e).

² 84 FR 59032 (Nov. 1, 2019).

³ 12 CFR 252.170(c).

⁴ 12 CFR 252.172(d).

The final rule contains revisions to the compliance date for the reporting and recordkeeping requirements subject to the PRA. To implement these requirements, the Board is revising the Single-Counterparty Credit Limits (FR 2590; OMB No. 7100–NEW).

Adopted Revision, With Extension, of the Following Information Collection

Report Title: Single-Counterparty Credit Limits.

Agency Form Number: FR 2590.

OMB Control Number: 7100–0377.

Frequency: Quarterly, annual, and event-generated.

Affected Public: Businesses or other for-profit.

Respondents: U.S. global systemically important bank holding companies (GSIBs) and other U.S. bank holding companies (BHCs) or savings and loan holding companies (SLHCs) that are subject to Category I, II, or III standards; foreign banking organizations (FBOs) that are subject to Category II or III standards or that have \$250 billion or more in total global consolidated assets; and U.S. intermediate holding companies (IHCs) that are subject to Category II or III standards.

Estimated Number of Respondents: 75.

Estimated Average Hours per Response:

Reporting

One-Time Implementation: 1,273 hours.

Ongoing: 254 hours.

Requests for Temporary Relief: 10 hours.

Recordkeeping

Recordkeeping: 0.25 hours.

Estimated Annual Burden Hours:

Reporting

One-Time Implementation: 95,475 hours.

Ongoing: 76,200 hours.

Requests for Temporary Relief: 30 hours.

Recordkeeping

Recordkeeping: 75 hours.

General description of report: The FR 2590 is being implemented in connection with the Board's single-counterparty credit limits rule (final SCCL rule),¹² which has been codified in the Board's Regulation YY—Enhanced Prudential Standards (12 CFR part 252).¹³

The information collected by the Single-Counterparty Credit Limits

reporting form (FR 2590 report) will allow the Board to monitor a covered company's or a covered foreign entity's compliance with the final SCCL rule. As amended by the Board's final tailoring rule, a covered company is any U.S. bank holding company (BHC) or savings and loan holding company (SLHC) that is subject to Category I, II, or III standards.¹⁴ A covered foreign entity is any foreign banking organization (FBO) that is subject to Categories II or III standards or that has total global consolidated assets that equal or exceed \$250 billion and any U.S. intermediate holding company (IHC) that is subject to Category II or III standards.¹⁵ In addition to the reporting form, the FR 2590 information collection incorporates notice requirements pertaining to requests that may be made by a covered company or covered foreign entity to request temporary relief from specific requirements of the final SCCL rule. A respondent must retain one exact copy of each completed FR 2590 in electronic form, and these records must be kept for at least three years.

Legal authorization and confidentiality: The FR 2590 is authorized pursuant to section 5(c) of the Bank Holding Company Act of 1956 (BHC Act) (12 U.S.C. 1844(c)), section 165(e) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5365(e)), and section 10(b) of the Home Owners' Loan Act (12 U.S.C. 1467a(b)). With respect to FBOs and their subsidiary IHCs, the FR 2590 is authorized pursuant to section 5(c) of the BHC Act, in conjunction with section 8 of the International Banking Act of 1978 (12 U.S.C. 3106). The FR 2590 is mandatory.

The data collected on the FR 2590 form will be kept confidential under exemption 4 of the Freedom of Information Act (FOIA), which protects from disclosure trade secrets and commercial or financial information (5 U.S.C. 552(b)(4)), and exemption 8 of FOIA, which protects from disclosure information related to the supervision or examination of a regulated financial institution (5 U.S.C. 552(b)(8)).

Regarding notices associated with requests for temporary relief from specific requirements of the SCCL rule, a firm may request confidential treatment under the Board's rules regarding confidential treatment of information at 12 CFR 261.15. The Board will consider whether such information may be kept confidential in accordance with exemption 4 of FOIA (5

U.S.C. 552(b)(4)) or any other applicable FOIA exemption.

Current Actions: The final SCCL rule had an effective date of October 5, 2018, and an initial compliance date of January 1, 2020, for a foreign banking organization that has the characteristics of a global systemically important banking organization, and July 1, 2020, for any other foreign banking organization subject to the rule, unless that time is extended by the Board in writing. The Board is modifying these initial compliance dates to July 1, 2021, and January 1, 2022, respectively, regarding the SCCL applicable to such a foreign banking organization's combined U.S. operations only.¹⁶ There are no proposed changes to the reporting or recordkeeping requirements for such entities, and the burden hours would remain the same.

C. Regulatory Flexibility Act

The Regulatory Flexibility Act (RFA) (5 U.S.C. 601 *et seq.*), generally requires an agency, in connection with a final rulemaking, to prepare and make available for public comment a final regulatory flexibility analysis that describes the impact of a proposed rule on small entities. However, a final regulatory flexibility analysis is not required if the agency certifies that the final rule will not have a significant economic impact on a substantial number of small entities. The Small Business Administration (SBA) has defined "small entities" to include banking organizations with total assets of less than or equal to \$600 million.¹⁷ The Board has considered the potential impact of the final rule on small entities in accordance with the RFA. Based on its analysis, and for the reasons stated below, the Board certifies that the rule will not have a significant economic impact on a substantial number of small entities.¹⁸

As discussed in the **SUPPLEMENTARY INFORMATION**, the final SCCL rule generally applies to U.S. bank holding companies subject to Category I, II, or III standards, and foreign banking organizations that are subject to Category II or III standards or that have total global consolidated assets of at least \$250 billion. Companies that are subject to the final SCCL rule have

¹⁶ The Board is not providing any amendment at this time that would modify the initial compliance dates in the final rule for, or otherwise amend the application of, single-counterparty credit limits applicable to any U.S. intermediate holding company of a foreign banking organization subject to the rule.

¹⁷ See 13 CFR 121.201; 84 FR 34261 (July 18, 2019).

¹⁸ 5 U.S.C. 605.

¹² 83 FR 38460 (Aug. 6, 2018).

¹³ See 12 CFR part 252, subparts H and Q.

¹⁴ 12 CFR 252.70, 252.170; see also 84 FR 59032 (Nov. 1, 2019).

¹⁵ *Id.*

consolidated assets that substantially exceed the \$600 million asset threshold at which a banking organization is considered a “small entity” under SBA regulations. Because the final SCCL rule does not apply to any small entities for purposes of the RFA, the amendments to the rule to extend the initial compliance dates applicable to FBOs subject to SCCL with respect to their combined U.S. operations would not affect any small entity for purposes of the RFA. The Board’s final rule would not impose any new recordkeeping, reporting, or other compliance requirements. In light of the foregoing, the Board believes that the final rule would not have a significant economic impact on a substantial number of small entities.

D. Solicitation of Comments on the Use of Plain Language

Section 722 of the Gramm-Leach-Bliley Act (Pub. L. 106–102, 113 Stat. 1338, 1471, 12 U.S.C. 4809) requires the Federal banking agencies to use plain language in all proposed and final rules published after January 1, 2000. The Board sought to present the final rule in a simple and straightforward manner and did not receive any comments on the use of plain language.

List of Subjects in 12 CFR Part 252

Administrative practice and procedure, Banks, banking, Federal Reserve System, Holding companies, Reporting and recordkeeping requirements, Securities.

Authority and Issuance

For the reasons stated in the preamble, the Board of Governors of the Federal Reserve System amends 12 CFR part 252 as follows:

PART 252—ENHANCED PRUDENTIAL STANDARDS (REGULATION YY)

■ 1. The authority citation for part 252 continues to read as follows:

Authority: 12 U.S.C. 321–338a, 481–486, 1467a, 1818, 1828, 1831n, 1831o, 1831p–1, 1831w, 1835, 1844(b), 1844(c), 3101 *et seq.*, 3101 note, 3904, 3906–3909, 4808, 5361, 5362, 5365, 5366, 5367, 5368, 5371.

■ 2. Section 252.170(c)(1) is revised to read as follows:

§ 252.170 Applicability and general provisions.

* * * * *

(c) *Applicability of this subpart—(1) Foreign banking organizations.* (i) A foreign banking organization that is a covered foreign entity as of October 5, 2018, must comply with the requirements of this subpart, including

but not limited to § 252.172, beginning on January 1, 2022, unless that time is extended by the Board in writing.

(ii) Notwithstanding paragraph (c)(1)(i) of this section, a foreign banking organization that is a major foreign banking organization as of October 5, 2018, must comply with the requirements of this subpart, including but not limited to § 252.172, beginning on July 1, 2021, unless that time is extended by the Board in writing.

* * * * *

By order of the Board of Governors of the Federal Reserve System, May 1, 2020.

Ann Misback,

Secretary of the Board.

[FR Doc. 2020–09665 Filed 5–27–20; 8:45 am]

P

NATIONAL CREDIT UNION ADMINISTRATION

12 CFR Part 702

RIN 3133–AF19

Temporary Regulatory Relief in Response to COVID–19—Prompt Corrective Action

AGENCY: National Credit Union Administration (NCUA).

ACTION: Interim final rule.

SUMMARY: The NCUA Board (Board) is temporarily modifying certain regulatory requirements to help ensure that federally insured credit unions (FICUs) remain operational and liquid during the COVID–19 crisis. Specifically, the Board is issuing two temporary changes to its prompt corrective action (PCA) regulations. The first amends its regulations to temporarily enable the Board to issue an order applicable to all FICUs to waive the earnings retention requirement for any FICU that is classified as adequately capitalized. The second modifies its regulations with respect to the specific documentation required for net worth restoration plans (NWRPs) for FICUs that become undercapitalized. These temporary modifications will be in place until December 31, 2020.

DATES: This rule is effective on May 28, 2020. Comments must be received on or before June 29, 2020.

ADDRESSES: You may submit written comments, identified by RIN 3133–AF19, by any of the following methods (Please send comments by one method only):

- *Federal eRulemaking Portal:* <http://www.regulations.gov>. Follow the instructions for submitting comments.

- *Fax:* (703) 518–6319. Include “[Your Name]—Comments on Temporary Regulatory Relief Rule in Response to COVID–19—Prompt Corrective Action” in the transmittal.

- *Mail:* Address to Gerard Poliquin, Secretary of the Board, National Credit Union Administration, 1775 Duke Street, Alexandria, Virginia 22314–3428.

- *Hand Delivery/Courier:* Same as mail address.

Public Inspection: You may view all public comments on the Federal eRulemaking Portal at <http://www.regulations.gov> as submitted, except for those we cannot post for technical reasons. The NCUA will not edit or remove any identifying or contact information from the public comments submitted. Due to social distancing measures in effect, the usual opportunity to inspect paper copies of comments in the NCUA’s law library is not currently available. After social distancing measures are relaxed, visitors may make an appointment to review paper copies by calling (703) 518–6540 or emailing OGCMail@ncua.gov.

FOR FURTHER INFORMATION CONTACT:

Policy and Analysis: Amanda Parkhill, Director, Policy Division, Office of Examination and Insurance, at (703) 518–6360; **Legal:** Marvin Shaw and Thomas Zells, Staff Attorneys, Office of General Counsel, at (703) 518–6540; or by mail at: National Credit Union Administration, 1775 Duke Street, Alexandria, Virginia 22314.

SUPPLEMENTARY INFORMATION:

I. Background

A. COVID–19 Pandemic

The COVID–19 pandemic has created uncertainty for FICUs and their members. The Board is working with federal and state regulatory agencies, in addition to FICUs, to assist FICUs in managing their operations and to facilitate continued assistance to credit union members and communities impacted by the coronavirus. As part of these ongoing efforts, the Board is temporarily modifying certain regulatory requirements to help ensure that FICUs continue to operate efficiently, to ensure that FICUs maintain sufficient liquidity, and to account for the potential temporary increase in shares that FICUs may experience during the COVID–19 pandemic. Specifically, the temporary amendments in this interim final rule will allow FICUs to better utilize resources by reducing the administrative burden associated with a temporary increase in shares. The Board has concluded that the amendments