[Regulatory Capital Rule: Revisions to the Community Bank Leverage Ratio Framework]

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Submitted by aofarrell@csbs.org on Wed, 01/28/2026 - 13:43

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January 21, 2026

Benjamin W. McDonough, Deputy Secretary
Federal Reserve Board of Governors
20th Street and Constitution Avenue NW
Washington, DC 20551
Docket No. R-1876; RIN 7100-AH08

Chief Counsel's Office
Attention: Comment Processing
Office of the Comptroller of the Currency
400 7th Street SW, Suite 3E-218
Washington, D.C.
Docket ID OCC-2025-0141

Jennifer M. Jones, Deputy Executive Secretary
Attention: Comments/Legal OES
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429
RIN 3064-AG17

Re: *Regulatory Capital Rule: Revisions to the Community Bank Leverage Ratio Framework*

The Conference of State Bank Supervisors ("CSBS")[1] provides the following comments on the Notice of Proposed Rulemaking ("proposal") issued jointly by Federal Reserve Board ("FRB"), Federal Deposit Insurance Corporation ("FDIC"), and Office of the Comptroller of the Currency ("OCC") (collectively, the "agencies") entitled *Regulatory Capital Rule:*

Revisions to the Community Bank Leverage Ratio Framework. CSBS supports the proposal and agrees that the changes will provide appropriate regulatory relief to community banks.

CSBS supports the proposed reduction of the Community Bank Leverage Ratio (“CBLR”) threshold to eight percent. Since the framework was finalized in 2019, adoption has remained steady at approximately 40% of eligible institutions, and, importantly, participating community banks have generally maintained capital well above the current leverage requirement of nine percent. Lowering the qualifying threshold to eight percent will more closely align the framework with actual capital practices and expand the framework’s usefulness without materially increasing risk. CSBS also supports the extension of the grace period from two to four quarters for a qualifying institution that temporarily falls below the CBLR threshold. The proposed grace period better aligns with balance sheet dynamics experienced by community banks and reduces operational challenges associated with shifting in and out of the framework.

Together, these revisions improve the CBLR’s efficacy, providing measured relief while maintaining a leverage standard that reflects community bank capital profiles in practice. CSBS encourages the agencies to finalize these changes and continue monitoring participation and capital outcomes to ensure the framework remains appropriately calibrated. In conclusion, CSBS appreciates the agencies’ efforts to refine the CBLR framework and welcomes continued engagement on community bank capital policy.

Sincerely,

Brandon Milhorn

President and CEO

Endnotes

- 1CSBS is the nationwide organization of state banking and financial regulators from all 50 states, the District of Columbia, and the U.S. territories.

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