March 2, 2011

To State Member Banks, Bank
Holding Companies, Financial Holding
Companies, and Foreign Bank Offices
in the Twelfth Federal Reserve District

Federal Reserve Issues Proposals Related to Designation of Systemically Important Nonbank
Financial Companies

The Federal Reserve Board on February 8, 2011 requested comment on a proposed rule that implements
two provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act related to the
designation by the Financial Stability Oversight Council of systemically important nonbank financial
companies for consolidated supervision by the Board.

First, the proposed rule establishes the requirements for determining if a company is "predominantly
engaged in financial activities." Under the Dodd-Frank Act, a company generally can be designated by
the Council only if 85 percent or more of the company's revenues or assets are related to activities that
have been determined to be financial in nature under the Bank Holding Company Act.

Second, the proposed rule defines the terms "significant nonbank financial company" and "significant
bank holding company." Among the factors the Council must consider in determining whether to
designate a nonbank financial company for supervision by the Board is the extent and nature of the
company's transactions and relationships with other "significant" nonbank financial companies and
"significant" bank holding companies. Under the proposal, a firm would be considered "significant" if it has
$50 billion or more in total consolidated assets or had been designated by the Council as systemically
important.

Comments on the proposal must be submitted by March 30, 2011.

Additional Information

All circulars and documents are available on the Internet through the Federal Reserve Bank of San
Francisco’s website, at http://www.frbsf.org/banking/letters.

For additional information, please contact:

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