

Federal Reserve Bank of San Francisco
101 Market Street, San Francisco, California 94105

June 21, 2013

To State Member Banks and
Foreign Banking Offices
in the Twelfth Federal Reserve District

Federal Reserve Regulation KK: Prohibition Against Federal Assistance to Swaps Entities

On June 5, 2013, the Federal Reserve Board approved an interim final rule clarifying the treatment of uninsured U.S. branches and agencies of foreign banks under the so-called swaps push-out provision of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Section 716 of Dodd-Frank generally prohibits the provision of certain types of federal assistance, such as discount window lending and deposit insurance, to swaps entities. The provisions of section 716 become effective on July 16, 2013.

Insured depository institutions that are swaps entities are eligible for a transition period of up to 24 months to comply and for certain statutory exceptions. The interim final rule clarifies that, for purposes of section 716, uninsured U.S. branches and agencies of foreign banks will be treated as insured depository institutions. Thus, they will be eligible to apply for a transition period and will be treated as insured depository institutions for purposes of the other provisions of section 716.

The interim final rule also establishes the process for state member banks and uninsured state branches or agencies of foreign banks to apply to the Board for the transition period.

The interim final rule is effective as of June 5, 2013. Comments will be accepted through August 4, 2013, and the interim final rule will be revised by the Board if necessary in light of the comments received.

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-supervision/publications/district-circular-letters/>

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Attachment: [Regulation KK Press Release and Notice](#)