



# Recent Regulatory Changes to Bank Capital Requirements

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Capital requirements are one of the primary ways banks are regulated for safety and soundness. (For background, see CRS Report R47447, *Bank Capital Requirements: A Primer and Policy Issues*.) Under leadership appointed by President Trump, [federal bank regulators](#) have released several proposed or final rules since 2025 that on net would effectively reduce how much capital banks are required to hold. These changes are taking place in the broader context of bank regulatory relief that regulators have pursued and [the 119<sup>th</sup> Congress](#) has considered.

Capital is a relatively expensive source of funding for banks. Therefore, reducing required capital will lower banks' funding costs, which could increase the provision of bank credit; however, holding insufficient capital would increase the risk of bank failure.

**Table 1** presents a brief description of five proposed rules and one final rule promulgated since 2025 affecting bank capital. Each rule applies to a different set of banks. Regulators separate banks with over \$100 billion in assets into [four categories for regulatory purposes](#) based on their size and systemic importance. Category I consists of the eight U.S. [global systemically important banks](#) (G-SIBs). Banks in the other three categories are progressively less systemically important.

**Table 1. Recent Rulemakings Modifying Capital Requirements**

Changes to	Status/Date	Description
Community Bank Leverage Ratio ( <a href="#">CBLR</a> )	<a href="#">Proposal</a> (12/25)	Tier I capital/assets would be reduced from 9% to 8%, and the grace period for banks to remain in the CBLR program while not meeting the requirement would be extended from two to four months.
<a href="#">Stress Tests</a>	<a href="#">Proposal</a> (11/25)	Applies to banks with less than \$10 billion in assets that opt into the CBLR framework.
		Proposed changes to the stress test model and the global market shock would effectively reduce banks' stress test losses, which would reduce required capital under the stress capital buffer.
		Applies to Category I, II, III, and IV banks.

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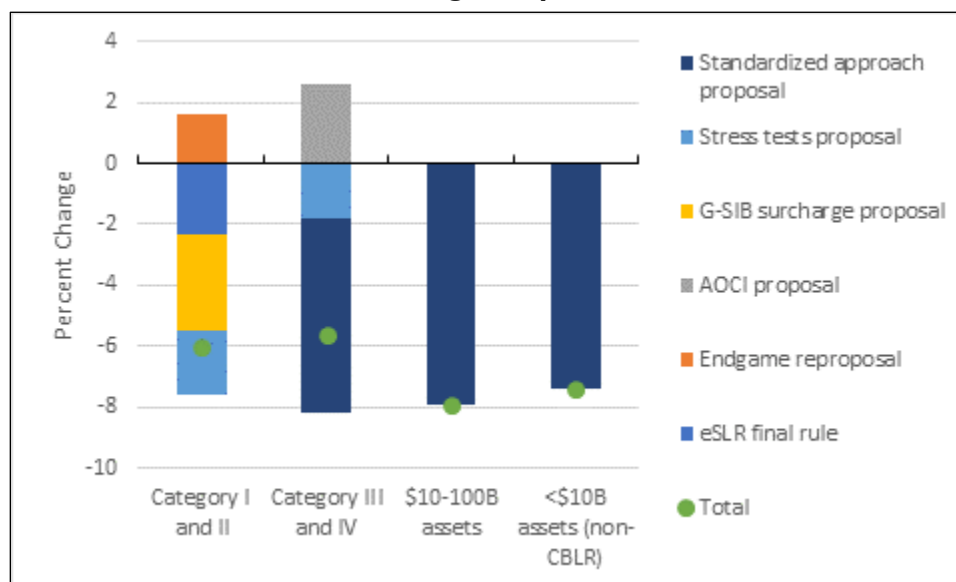
Changes to	Status/Date	Description
Advanced Approach (Basel Endgame Re-Proposal)	Proposal (3/26)	<p>Would standardize and simplify the capital calculations for large banks. Would eliminate the use of parallel calculations to determine risk-weighted assets, replacing the standardized and advanced approaches with one “expanded risk-based approach.” Would generally reduce risk-weighted assets, thereby reducing required capital for covered institutions.</p> <p>Applies to Category I and II banks and banks with significant trading activity; other banks that opt in.</p>
Standardized Approach and AOCI	Proposal (3/26)	<p>Would make changes to the definition of capital, reduce risk weights for certain assets, and adjust some of the methodologies used to make risk-weight calculations. Notably, would include most <a href="#">accumulated other comprehensive income</a> (AOCI) in the definition of capital.</p> <p>Applies to all banks that are not Category I or II or that do not opt into the CBLR regime. The AOCI changes apply to Category III and IV banks.</p>
Global Systemically Important Bank (G-SIB) Surcharge	Proposal (3/26)	<p>Various changes to the <a href="#">G-SIB surcharge</a> formula that would reduce the average capital surcharge from 2.7% to 2.3%.</p> <p>Applies to Category I banks.</p>
Enhanced Supplementary Leverage Ratio (eSLR)	Final Rule (12/25)	<p>At the holding company level, reduces the <a href="#">eSLR</a> from 5% to 3% plus 50% of the G-SIB’s Method I capital surcharge. For the depository subsidiaries, reduces the eSLR from 6% to no more than 4%. A corresponding reduction based on 50% of the Method I surcharge would be made to the leverage-based total loss-absorbing capacity (<a href="#">TLAC</a>) requirements.</p> <p>Applies to all Category I banks.</p>

**Source:** CRS.

Regulators can raise or lower required capital in one of two general ways: by changing the ratio of required capital to assets or by changing how banks calculate their [risk-weighted assets](#). The enhanced supplementary leverage ratio (eSLR) and community bank leverage ratio (CBLR) rules reduce capital by lowering ratios, whereas the other proposals change risk-weighted asset calculations.

**Figure 1** illustrates how much required capital across a bank’s holding company would decline on average for each category of bank if the recent proposed and final rules in **Table 1** went into effect unchanged (relative to the requirements in place in November 2025). The cumulative effect of these rules would be to reduce required Tier 1 capital by 5.6% to 7.9%, depending on the type of bank.

**Figure I. Cumulative Projected Effect of Recent Rules on Required Tier I Capital for Bank Holding Companies**



**Source:** Regulators' analysis in the proposed rules in **Table I**.

**Notes:** Effects of the Endgame re-proposal on banks that are not in Category I or II are not shown. The AOCI proposal was published in the standardized approach proposal.

For Category I and II banks, the Basel III Endgame re-proposal is projected to require banks to hold 1.6% more capital. (This is less than the [2023 Basel Endgame proposal](#), which would have also applied to Category III and IV banks and would have increased required capital by 9% for Category I-IV banks. The 2026 Endgame proposal is a re-proposal of the 2023 proposal.) However, three other recent rules would more than offset this increase in required capital, leading to a net decrease in required capital of 6%.

Category III and IV banks would be required, under the standardized approach proposal, to [include most parts of accumulated other comprehensive income \(AOCI\) in capital](#), which would have the effect of increasing required capital by 2.6%. This increase is more than offset by the decrease in required capital from the rest of the standardized proposal and [stress tests](#) proposals, leading to a net decrease in required capital of 5.6% for Category III and IV banks.

Banks with less than \$100 billion but more than \$10 billion in assets are subject only to the standardized approach proposal. Qualifying banks with less than \$10 billion can choose between the [CBLR](#), in which case they are subject to the CBLR proposal, and risk-weighted capital requirements, in which case they are subject to the standardized proposal. The CBLR proposal also reduces required capital, but the regulators did not provide an estimate of the percentage reduction. For the banks subject to it, the largest source of decline in required capital (6.4% to 7.9%, depending on the group) is attributable to the standardized proposal, not including its changes to the treatment of AOCI.

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