agreement as defined in §217.2, a Board-regulated institution must:

(1) Conduct sufficient legal review to conclude with a well-founded basis (and maintain sufficient written documentation of that legal review) that:

(i) The agreement meets the requirements of paragraph (2) of the definition of qualifying master netting agreement in §217.2; and

(ii) In the event of a legal challenge (including one resulting from default or from receivership, insolvency, liquidation, or similar proceeding) the relevant court and administrative authorities would find the agreement to be legal, valid, binding, and enforceable under the law of the relevant jurisdictions; and

(2) Establish and maintain written procedures to monitor possible changes in relevant law and to ensure that the agreement continues to satisfy the requirements of the definition of qualifying master netting agreement in §217.2.

(e) *Repo-style transaction*. In order to recognize an exposure as a repo-style transaction as defined in §217.2, a Board-regulated institution must conduct sufficient legal review to conclude with a well-founded basis (and maintain sufficient written documentation of that legal review) that the agreement underlying the exposure:

(1) Meets the requirements of paragraph (3) of the definition of repo-style transaction in §217.2, and

(2) Is legal, valid, binding, and enforceable under applicable law in the relevant jurisdictions.

(f) *Failure of a QCCP to satisfy the rule's requirements*. If a Board-regulated institution determines that a CCP ceases to be a QCCP due to the failure of the CCP to satisfy one or more of the requirements set forth in paragraphs (2)(i) through (2)(iii) of the definition of a QCCP in §217.2, the Board-regulated institution may continue to treat the CCP as a QCCP for up to three months following the determination. If the CCP fails to remedy the relevant deficiency within three months after the initial determination, or the CCP fails to satisfy the requirements set forth in paragraphs (2)(i) through (2)(iii) of the definition of a QCCP continuously for a three-month period after remedying the relevant deficiency, a Board-regulated institution may not treat the CCP as a QCCP for the purposes of this part until after the Board-regulated institution has determined that the CCP has satisfied the requirements in paragraphs (2)(i) through (2)(iii) of the definition of a QCCP for three continuous months.

§§217.4–217.9 [Reserved]

Subpart B—Capital Ratio Requirements and Buffers

§217.10 Minimum capital requirements.

(a) *Minimum capital requirements*. (1) A Board-regulated institution must maintain the following minimum capital ratios:

(i) A common equity tier 1 capital ratio of 4.5 percent.

(ii) A tier 1 capital ratio of 6 percent.

(iii) A total capital ratio of 8 percent.

(iv) A leverage ratio of 4 percent.

(v) For advanced approaches Board-regulated institutions or, for Category IIIBoard-regulated institutions, a supplementary leverage ratio of 3 percent.

(2) A qualifying community banking organization (as defined in §217.12), that is subject to the community bank leverage ratio framework (as defined §217.12), is considered to have met the minimum capital requirements in this paragraph (a) of this section.

(b) *Standardized capital ratio calculations*. Other than as provided in paragraph (c) of this section:

(1) *Common equity tier 1 capital ratio*. A Board-regulated institution's common equity tier 1 capital ratio is the ratio of the Board-regulated institution's common equity tier 1 capital to standardized total risk-weighted assets;

(2) *Tier 1 capital ratio*. A Board-regulated institution's tier 1 capital ratio is the ratio of the Board-regulated institution's tier 1 capital to standardized total risk-weighted assets;

(3) *Total capital ratio*. A Board-regulated institution's total capital ratio is the ratio of the Board-regulated institution's total capital to standardized total risk-weighted assets; and

(4) *Leverage ratio*. A Board-regulated institution's leverage ratio is the ratio of the Board-regulated institution's