



PRESS RELEASE

Federal Deposit Insurance Corporation

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BASLE COMMITTEE AMENDS CAPITAL ACCORD, REDUCES RISK WEIGHT FOR CLAIMS ON CERTAIN SECURITIES FIRMS

FOR IMMEDIATE RELEASE

The Basle Committee on Banking Supervision has amended the Basle Capital Accord, reducing the risk weight for claims on, and claims guaranteed by, certain securities firms from 100 percent to 20 percent. The Basle Accord is an international agreement setting minimum capital requirements for banks.

In general, the amendment will provide a reduced capital charge for claims on or guaranteed by broker-dealers registered with the Securities and Exchange Commission and their direct subsidiaries that meet the supervision and capital requirements.

Securities firms must be incorporated in OECD countries and subject to supervisory and regulatory arrangements comparable to those applied under the Basle Accord to qualify for the preferential risk weight. The Federal Deposit Insurance Corporation plans to work with the other federal banking agencies to incorporate the revision into its risk-based capital rules for state non-member banks.

The Basle Committee announcement may be accessed on the Bank for International Settlements Web site at <http://www.bis.org>. Copies may also be obtained by contacting the FDIC's Public Information Center at 800-276-6003 or (703) 562-2200.

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Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation's banking system. It promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. The FDIC receives no federal tax dollars — insured financial institutions fund its operations.

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