



PRESS RELEASE

Federal Deposit Insurance Corporation • Each Depositor insured to at least \$250,000

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FDIC Board Finalizes Regulatory Capital Rule for Statements of Financial Accounting Standards

FOR IMMEDIATE RELEASE

The Board of Directors of the Federal Deposit Insurance Corporation (FDIC) today finalized the regulatory capital rule related to the Financial Accounting Standards Board's adoption of Statements of Financial Accounting Standards Nos. 166 and 167. Beginning in 2010, these new accounting standards will make substantive changes to how banks account for securitized assets that are currently excluded from their balance sheets.

The FDIC, working with the other federal bank regulatory agencies, developed this final rule to better align regulatory capital requirements with the actual risks of certain exposures. Banks affected by the new accounting standards generally will be subject to higher minimum regulatory capital requirements. The final rule provides an optional delay and phase-in for a maximum of one year for the effect on risk-based capital and the allowance for lease and loan losses related to the assets that must be consolidated as a result of the accounting change. The final rule also eliminates the risk-based capital exemption for asset-backed commercial paper assets. The transitional relief does not apply to the leverage ratio or to assets in conduits to which a bank provides implicit support.

The rule provides temporary relief from risk-based measures. Banks will be required to rebuild capital and repair balance sheets to accommodate the new accounting standards by the middle of 2011.



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.

FDIC press releases and other information are available on the Internet at www.fdic.gov, by subscription electronically (go to www.fdic.gov/about/subscriptions/index.html) and may also be obtained through the FDIC's Public Information Center (877-275-3342 or 703-562-2200). PR-230-2009

"I believe this rule moves in the right direction and will reduce the likelihood of a recurrence of some of the problems we have experienced in the financial and securitization markets," said FDIC Chairman Sheila Bair. "The capital relief we are offering banks for the transition period should ease the impact of this accounting change on banks' regulatory capital requirements, and enable banks to maintain consumer lending and credit availability as they adjust their business practices to the new accounting rules."

Publication in the Federal Register is expected shortly.

Attachment:

[Final Rule to Amend the General Risk-Based Capital Rule to Reflect the Issuance of FAS 166 and FAS 167 - PDF \(PDF Help\)](#)