



# PRESS RELEASE

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

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## FDIC Board Approves Interagency Proposal to Set Risk-Based Capital Floor for Large Financial Institutions

FOR IMMEDIATE RELEASE

The Board of Directors of the Federal Deposit Insurance Corporation (FDIC) today approved an interagency proposed rulemaking to implement certain provisions of Section 171 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. Section 171 is more commonly known as the Collins Amendment.

Section 171 provides that the capital requirements generally applicable to insured banks shall serve as a floor for other capital requirements the agencies establish. The advanced approaches of Basel II allow for reductions in risk-based capital requirements below those generally applicable to insured banks, and accordingly need to be modified to be consistent with Section 171.

The proposed rule replaces the transitional floors in the advanced approaches rule with permanent risk-based capital floors equal to the capital requirements computed using the agencies' general risk-based capital rules. The preamble to the proposed rules notes that the agencies may amend the generally applicable capital requirements over time, and that such amended requirements would serve as the new floor for banking organizations using the advanced approaches.

"The Collins Amendment, in my view, will do more to strengthen the capital of the U.S. financial system than any other section of the Act," said FDIC Chairman Sheila C. Bair. "Large financial institutions need the capital strength to stand on their own without government assistance. The Collins Amendment appropriately ensures that large institutions operate with at least as much capital in proportionate terms as is required of thousands of Main Street banks nationwide."



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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The proposal also modifies the agencies' general capital requirements in a way intended to provide the Federal Reserve with additional flexibility to craft capital requirements for nonbanks it supervises as a result of determinations by the Financial Stability Oversight Council. Other provisions of the Collins amendment will be addressed in subsequent rulemakings.

Comments are due 60 days from publication in the *Federal Register*.

Attachment: Notice of Proposed Rulemaking - PDF (PDF Help)

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