Joint Release

Board of Governors of the Federal Reserve System
Office of the Comptroller of the Currency
Federal Deposit Insurance Corporation

For Immediate Release **September 12, 2010**

U.S. Banking Agencies Express Support for Basel Agreement

The U.S. federal banking agencies support the agreement reached at the September 12, 2010, meeting of the G-10 Governors and Heads of Supervision (GHOS).1 This action, in combination with the agreement reached at the July 26, 2010, meeting of GHOS, sets the stage for key regulatory changes to strengthen the capital and liquidity of internationally active banking organizations in the United States and around the world.

The U.S. federal banking agencies actively supported the efforts of the GHOS and the Basel Committee on Banking Supervision (Basel Committee) to increase the quality, quantity, and international consistency of capital, to strengthen liquidity standards, to discourage excessive leverage and risk taking, and to reduce procyclicality in regulatory requirements. The agreement represents a significant step forward in reducing the incidence and severity of future financial crises, providing for a more stable banking system that is less prone to excessive risk-taking, and better able to absorb losses while continuing to perform its essential function of providing credit to creditworthy households and businesses.

Today's agreement represents a significant strengthening in prudential standards for large and internationally active banks.

The GHOS agreement calls for national jurisdictions to implement the new requirements beginning January 1, 2013. The GHOS announced that the new numerical minimum requirements would be phased in over two years beginning on January 1, 2013, and that certain capital deductions and the phase-in of capital buffers would occur over time from January 1, 2014, to no later than January 1, 2019. This transition period is designed to give institutions the opportunity to implement the new prudential standards gradually over time, thus alleviating the potential for associated short-term pressures on the cost and availability of credit to households and businesses. Consistent with this objective, supervisors will be evaluating an institution's capital adequacy on the basis of the then-applicable standards as well as the strength of an institution's plans to meet future standards as they come into effect.

The U.S. federal banking agencies support and endorse the efforts of the GHOS and the Basel Committee to strengthen the capital position of large and internationally active banks. The Dodd-Frank Wall Street Reform and Consumer Protection Act requires the establishment of more stringent prudential standards, including higher capital and liquidity requirements for large, interconnected financial institutions. Moreover, the Basel Committee continues work on the development of measures to improve the loss absorbing capacity for systemically important financial institutions. This work would augment the standards announced by the GHOS today.

# # #

1The GHOS is the oversight body of the Basel Committee on Banking Supervision.

Media Contacts:

Federal Reserve	Barbara Hagenbaugh	(202) 452-2955
OCC	Robert Garsson	(202) 874-5770
FDIC	Andrew Gray	(202) 898-7192

FDIC PR: PR-206-2010