



Federal Deposit Insurance Corporation  
550 17th Street NW, Washington, DC 20429-9990

Financial Institution Letter

FIL-75-2011

December 16, 2011

## Risk-Based Capital Rules

### Proposed Rule on Risk-Based Capital Standards: *Market Risk; Alternatives to Credit Ratings for Debt and Securitization Positions*

**Summary:** The federal bank regulatory agencies (the Agencies) have jointly issued the attached Notice of Proposed Rulemaking (Proposed Rule) on possible modifications to the risk-based capital standards for market risk by incorporating alternative standards for assessing the creditworthiness of debt and securitization positions.

**Statement of Applicability to Institutions with Total Assets under \$1 Billion:** This Financial Institution Letter is applicable to banks with aggregate trading assets and liabilities equal to at least 10 percent of quarter-end total assets or aggregate trading assets and liabilities equal to at least \$1 billion.

**Distribution:**

FDIC-Supervised Banks  
(Commercial and Savings)

**Suggested Routing:**

Chief Executive Officer  
Chief Financial Officer  
Chief Risk Officer

**Related Topics:**

Risk-Based Capital Rules  
12 CFR Part 325  
Basel II  
Market Risk

**Attachment:**

Risk-Based Capital Guidelines: Market Risk;  
Alternatives to Credit Ratings for Debt and  
Securitization Positions - PDF (PDF Help)

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**Note:**

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**Highlights:**

The Proposed Rule:

- Amends the proposed rule issued by the agencies on Market Risk in January 2011 to remove all reliance on credit ratings while maintaining consistency with the trading book regime proposed by the Basel Committee on Banking Supervision (Basel Committee) in the July 2009 *Revisions to the Basel II Market Risk Framework*.
- Establishes standardized, risk-based capital requirements for sovereign, public-sector entity, bank, non-financial corporate, financial corporate, and securitization exposures.
- Implements, for trading book exposures, the requirements of Section 939A of the *Dodd-Frank Wall Street Reform and Consumer Protection Act*, which prohibits reliance on external credit ratings.
- Ensures that capital requirements are comparable to the standards published by the Basel Committee's proposed charges for such positions.