



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

Financial Institution Letter
FIL-88-2010
December 16, 2010

Risk-Based Capital Standards Proposed Rule on Advanced Capital Adequacy Framework—Basel II; *Establishment of a Risk-Based Capital Floor*

Summary: The federal bank regulatory agencies have jointly issued the attached notice of proposed rulemaking to amend the advanced risk-based capital adequacy standards (advanced approaches rules) to be consistent with certain provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Act), and to amend the general risk-based capital rules to provide limited flexibility consistent with section 171(b) of the Act for recognizing the relative risk of certain assets generally not held by depository institutions.

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

Attachment:

[Joint Notice of Proposed Rulemaking, Risk-Based Capital Standards: Advanced Capital Adequacy Framework—Basel II; Establishment of a Risk-Based Capital Floor - PDF](#) ([PDF Help](#))

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Note:

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Highlights:

The proposed rule:

- Applies to all banks that use the advanced approaches rules to calculate their risk-based capital requirements.
- Consistent with Section 171 of the Act, replaces the "transitional floors" in the advanced approaches rules with a permanent floor equal to the minimum capital requirement computed using the agencies' general risk-based capital rules.
- Amends the agencies' general risk-based capital rules to allow banks to use the Bank Holding Company capital rules in limited circumstances to determine the capital requirements for low-risk assets not typically held by banks.
- Requests comment on how the proposed rule should be applied to foreign banks in evaluating their capital equivalency in the context of applications to establish branches or make bank or nonbank acquisitions in the United States, and in evaluating capital comparability in the context of foreign bank financial holding company declarations.

The deadline for comments is 60 days from the date of publication in *The Federal Register*.