



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

Financial Institution Letter
FIL-3-2010
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Regulatory Capital Standards

Final Rule Amending the Risk-Based Capital Rules to Reflect the Issuance of FAS 166 and FAS 167

Summary: The attached final rule amends the federal banking and thrift regulatory agencies' general risk-based and advanced risk-based capital adequacy frameworks in recognition of the regulatory capital impact of two recently-issued accounting standards from the Financial Accounting Standard Board (FASB)

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

Attachment:

[Summary of Final Rule - PDF](#)
[Final Rule - PDF](#)

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Highlights:

The final rule:

- Provides for an optional two-quarter implementation delay, followed by an optional two-quarter partial implementation, of the effect on risk-weighted assets that will result from changes to U.S. generally accepted accounting principles from FAS 166 and FAS 167.
- Provides for an optional two-quarter delay, followed by an optional two-quarter phase-in, of the application of the agencies' regulatory limit on the inclusion of the allowance for loan and lease losses (ALLL) in Tier 2 capital for the portion of the ALLL associated with the assets a banking organization consolidates as a result of FAS 167.
- Eliminates the exclusion of certain consolidated asset-backed commercial paper programs from risk-weighted assets.
- Provides a reservation of authority to permit the agencies to require banking organizations to treat entities that are not consolidated under accounting standards as if they were consolidated for risk-based capital purposes, commensurate with the risk relationship of the banking organization to the structure.