



Market Risk

FIL-5-98
January 9, 1998

TO: CHIEF EXECUTIVE OFFICER

SUBJECT: *Interim Final Rule Amending Risk-Based Capital Requirements for Market Risk
(Part 325 of the FDIC's Rules and Regulations)*

The FDIC, the Office of the Comptroller of the Currency and the Federal Reserve Board have amended their respective risk-based capital requirements to reduce the regulatory burden for banks with significant trading activities. Attached is a copy of the interim final rule. Comments on the rule will be accepted through March 2, 1998.

The market risk rule applies to banks whose trading activity equals ten percent or more of their total assets, or whose trading activity equals \$1 billion or more. The interim final rule amends the risk-based capital requirement of the market risk rule to eliminate a requirement that an affected institution must hold capital for specific risk equal to at least 50 percent of what would be derived using a standardized calculation. The interim final rule became effective on December 31, 1997.

For more information about the interim final rule, please contact one of the FDIC officials listed on page 68064 of the attached Federal Register notice.

Nicholas J. Ketcha Jr.
Director

[Attachment:](#)

Dec. 30 Federal Register, pages 68064-68069 (for an electronic version, visit the FDIC web site: [/news](#)).

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