



Capital Standards

FIL-19-99
March 2, 1999

TO: CHIEF EXECUTIVE OFFICER
SUBJECT: *Final Rule Revising Risk-Based and Leverage Capital Standards*

The Federal Deposit Insurance Corporation (FDIC) Board of Directors has approved the attached final rule revising the risk-based and leverage capital standards. The final rule will take effect April 1, 1999. However, institutions may choose to apply the rule beginning March 2, 1999.

The FDIC's rule is being issued jointly with the rules of the Federal Reserve Board, the Office of the Comptroller of the Currency, and the Office of Thrift Supervision. The agencies' rule changes will eliminate inconsistencies in the risk-based capital treatment of:

- Construction loans on presold residential properties,
- Real estate loans secured by junior liens on 1- to 4-family residential real estate, and
- Investments in mutual funds.

The final rule will also simplify and make uniform the agencies' Tier 1 leverage capital standards.

For more information, please contact Examination Specialists Stephen G. Pfeifer (202-898-8904) or Carol L. Liquori (202-898-7289) in the FDIC's Division of Supervision.

James L. Sexton
Director

Attachments: March 2, 1999 *Federal Register*, Vol. 64, No. 40, pages 10193-10201
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