



Market Risk

FIL-42-99
May 10, 1999

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

The Federal Deposit Insurance Corporation (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. The final rule will take effect on July 1, 1999. A copy of the final rule is attached.

The final rule replaces the substantially identical interim final rule that took effect on December 31, 1997. The FDIC distributed the interim rule to banks on January 9, 1998 (see FIL-5-98).

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 final rule eliminates the risk-based capital 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.

For more information about the final rule, please contact William A. Stark (202-898-6972), Miguel Browne (202-898-6789) or John J. Feid (202-898-8649) in the FDIC's Division of Supervision; or Jamey Basham (202-898-7264) in the FDIC's Legal Division.

James L. Sexton
Director

Attachment: April 19, 1999, *Federal Register*, Vol. 64, No. 74, pages 19034-19039 [HTML](#) [PDF](#)
(54 Kb - [PDF help](#) or [hard copy](#))

Distribution: FDIC-Supervised Banks (Commercial and Savings)

NOTE: Paper copies of FDIC financial institutions letters may be obtained through the FDIC's Public Information Center, 801 17th Street, NW, Room 100, Washington, DC 20434 (800-276-6003 or (703) 562-2200).