



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

Division of Supervision

NEW BASEL CAPITAL ACCORD

FIL-7-2001
January 23, 2001

TO: CHIEF EXECUTIVE OFFICER

SUBJECT: *Basel Committee on Banking Supervision Proposes Revisions to 1988 Basel Capital Accord*

The Basel Committee on Banking Supervision (Basel Committee) issued a consultative paper on January 16, 2001, presenting proposed revisions to the 1988 Capital Accord and requesting industry comment. The comment period closes May 31, 2001.

The relevant documents are available on the Bank for International Settlements' (BIS) Web site (www.bis.org) and the Federal Deposit Insurance Corporation's (FDIC) Web site (www.fdic.gov). The Overview describes the rationale for the proposed changes and invites specific comments and contributions on work still in progress. *The New Basel Capital Accord* sets forth in detail the proposed content and structure of the new Capital Accord. This paper responds to comments received on the June 1999 consultative paper and reflects further work on a new Capital Accord. Finally, the Basel Committee is making available seven supporting documents on specific topics that provide technical analysis, descriptions of work in progress and guidance on implementation.

It is important to recognize that discussion is still ongoing about the population of banks to which the new framework will apply. While the 1988 Accord was applied to all banks in the United States, it has not been determined how broadly the new approach will be applied, particularly given the many complex elements that may not be appropriate for smaller, less complex institutions. Several factors will determine the ultimate implementation in the United States. One factor will be the results from the recent comment period on the advanced notice of proposed rulemaking for non-complex institutions (see FIL-73-2000, dated November 3, 2000). Another factor, for the internal ratings-based approach, will be whether the industry has the data, processes and controls in place to implement the new framework.

The FDIC, the Federal Reserve Board, and the Office of the Comptroller of the Currency have prepared the attached summary of the proposed new Capital Accord. The summary provides a brief overview of the basic structure of the new Capital Accord, identifies those areas where work continues, and includes a list of specific questions designed to focus commenters on certain key issues. Comments are invited on all areas of the proposal.

Comments should be sent to the Basel Committee on Banking Supervision, Bank for International Settlements, CH-4002, Basel, Switzerland. The Basel Committee prefers that comments be submitted via e-mail to BCBS.Capital@bis.org or by fax (to the attention of the Basel Committee Secretariat) on (41) 61 280 9100. Substantive comments received by e-mail through May 31, 2001, will be posted on the BIS Web site.

FDIC-supervised institutions should also send copies of written comments to Robert E. Feldman, Executive Secretary, Attention: Comments/OES, Federal Deposit Insurance Corporation, 550 17th Street, NW, Washington, DC 20429. Comments may be hand-delivered to the guard station at the rear of the 550 17th Street building (located on F Street) on business

days between 7 a.m. and 5 p.m. Comments may also be faxed (202- 898-3838) or e-mailed (comments@fdic.gov). Comments received may be inspected and photocopied at the FDIC's Public Information Center, Room 100, 801 17th Street, NW, Washington, DC, between 9 a.m. and 4:30 p.m. on business days.

For more information, please contact your FDIC regional office or Mark Schmidt, Associate Director in the FDIC's Division of Supervision, on (202) 898-6918.

Michael J. Zamorski
Acting Director

Attachment: [Summary of the Basel Committee's: "The New Basel Capital Accord"](#)

Distribution: : FDIC-Supervised Banks (Commercial and Savings)

NOTE: Paper copies of FDIC financial institution 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).