



RISK-BASED CAPITAL RULES

FIL-61-2003
August 4, 2003

TO: CHIEF EXECUTIVE OFFICER

SUBJECT: Federal Banking and Thrift Regulatory Agencies Are Seeking Comment on an Advance Notice of Proposed Rulemaking on Possible New Risk- Based Capital Rules for Selected Large U.S. Banks

Summary: *On July 11, 2003, the Federal Deposit Insurance Corporation approved publication of an Advance Notice of Proposed Rulemaking regarding Risk-Based Capital Guidelines; Implementation of New Basel Capital Accord (ANPR). The ANPR is being issued on an interagency basis by the federal banking and thrift regulatory agencies. The agencies are seeking comment on the ANPR, particularly the competitive implications and effects on capital. Attached is a summary of the ANPR's key aspects. Comments on the ANPR are due by November 3, 2003.*

The Federal Deposit Insurance Corporation (FDIC) on July 11, 2003, approved publication of an Advance Notice of Proposed Rulemaking regarding Risk-Based Capital Guidelines; Implementation of New Basel Capital Accord (ANPR). The ANPR is being issued on an interagency basis by the FDIC, the Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency and the Office of Thrift Supervision. Attached is a summary of key aspects of the ANPR. The ANPR, which is also attached, and related information can be found on the FDIC's Web site at www.fdic.gov.

The ANPR explains how the agencies would adopt the advanced internal ratings-based approaches to assessing credit risk capital charges (A-IRB) and the advanced measurement approaches to assessing operational risk capital charges (AMA). These approaches would be used by a core group of large and internationally active U.S. banking institutions and selected other banks that, on an opt-in basis, are able to qualify for the framework. All other banks would remain subject to the current regulatory capital standards.

The FDIC believes that before a final determination can be reached about the desirability of adopting these proposals, more analysis is needed of the potential competitive effects of the new framework, its impact on risk-based capital requirements and its effects on the supervisory process. The agencies are seeking comments that will assist them in formulating their final views on these proposals. Comments on the ANPR are due by November 3, 2003.

For more information, please contact Keith Ligon at (202) 898-3618 (kligon@fdic.gov), Jason Cave at (202) 898-3548 (jcave@fdic.gov), or your FDIC Division of Supervision and Consumer Protection regional office.

For your reference, FDIC Financial Institution Letters may be accessed on the FDIC's Web site at www.fdic.gov/news/news/financial/2003/index.html. To learn how to automatically receive FDIC Financial Institution Letters through e-mail, please visit www.fdic.gov/news/news/announcements/index.html.

Michael J. Zamorski
Director

Attachments:

- [Key Aspects of the Advance Notice of Proposed Rulemaking on Risk-Based Capital Guidelines: Implementation of New Basel Capital Accord](#)
- August 4, 2003, Federal Register, pages 45900-45948
[HTML](#) | [PDF](#) (342 KB File - [PDF Help](#) or [Hard Copy](#))

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