



**Transmittal**

**RESCINDED**

June 24, 1994

Number: 112

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As the attached notations explain, the Office of Thrift Supervision is proposing to amend its capital rule to be consistent with a recent change in generally accepted accounting principles (GAAP).

OTS would change its definition of the term common stockholders' equity, in order to incorporate a recent change in GAAP made by Statement of Financial Accounting Standards No. 115, Accounting for Certain Investments in Debt and Equity Securities (SFAS No. 115). Common stockholders' equity is a major component of institutions' Tier 1 (core) capital. Under OTS' capital regulation, common stockholders' equity generally includes the same items that comprise GAAP equity.

that available-for-sale debt securities are reported at fair market value, rather than at amortized cost. Under SFAS 115, unrealized gains and losses on available-for-sale securities will be included in GAAP equity. As proposed, this change will cause institutions' Tier 1 capital to change with the market value of available for sale securities.

The proposal is published in the June 22, 1994 edition of the *Federal Register*, Vol. 59, No. 119, pp. 32143-32144. Comments on the proposed rule must be received on or before July 22, 1994, addressed to: Director, Information Services, Public Affairs Office, Office of Thrift Supervision, 1700 G Street NW, Washington, DC 20552.

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Acting Director  
Office of Thrift Supervision

Attachment