Agencies To Accept Comments on Basel Proposal
To Amend Capital Adequacy Framework

The federal bank regulatory agencies will accept public comments on a major proposal by the Basel Committee on Banking Supervision to amend the 1988 international capital adequacy framework. The full document is available on the Web site of the Bank for International Settlements at www.bis.org. Comments are requested on the proposal by May 31, 2001, and may be sent to the United States banking agencies and to the Basel Committee.

While the 1988 Capital 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 needed for smaller, less complex institutions. The United States banking agencies recently issued an advance notice of proposed rule making for non-complex institutions (“Simplified Capital Framework for Non-Complex Institutions,” published November 3, 2000). Comments received on that proposal (due by February 1, 2001) will be considered in determining whether to apply the new approach to all banks.

The U.S. banking agencies plan to issue a paper summarizing the Basel Committee’s proposal as well as a list of specific questions that banks may find useful as they prepare their comments. The summary and questions, which will be issued in a few days, will be sent to all insured banking institutions and also will be available on the Web sites of the Office of the Comptroller of the Currency (www.occ.treas.gov), the Federal Reserve Board of Governors (www.federalreserve.gov) and the Federal Deposit Insurance Corporation (www.fdic.gov).

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