

Introduction to QIS-4 Survey Package

1. The attached fourth Quantitative Impact Study Survey (QIS-4) is being circulated to participating institutions so that the U.S. federal bank regulatory agencies, Federal Reserve Board, Office of the Comptroller of the Currency, Federal Deposit Insurance Corporation, Office of Thrift Supervision, (Agencies) may gain a better understanding of how the implementation of a more risk-sensitive approach for regulatory capital standards might affect minimum required capital at the industry, institution, and portfolio level. A proposal to revise the current risk-based capital rules for qualifying banking organizations was first proposed by the Agencies through an Advance Notice of Proposed Rulemaking (ANPR) in August of 2003. The results of this voluntary survey will be used by the Agencies in formulating a Notice of Proposed Rulemaking (NPR) that is expected to be issued in 2005 and ultimately a final revised risk-based capital rule for qualifying institutions that is expected to be issued in 2006. The results are also expected to be used to ensure that minimum capital requirements are appropriately calibrated for both U.S. and international financial institutions.
2. To a large extent, the information and capital treatments requested in the survey reflect provisions of the international capital framework proposed in June 2004 (the June Framework)¹ by the Basel Committee on Banking Supervision. It also reflects certain adjustments and clarifications needed to tailor the survey for U.S. implementation and to elicit specific policy information considered helpful for the U.S. rulemaking process.
3. It is important to note that the capital treatments set forth in QIS-4 are for the informational and analytical needs of the Agencies only, and should not be construed to represent final decisions regarding implementation of new capital standards or reporting requirements. For example, this survey requests information for your banking organization on a consolidated basis, while future reporting requirements will include information on material subsidiaries and all insured entities using the new Framework. In addition, the information and risk-measurement approach requested in the survey are designed to facilitate policy analysis rather than to reflect a particular choice or preference of the Agencies at this time. Examples of areas that are receiving particular attention include high volatility commercial real estate (HVCRE) and small and medium enterprises (SMEs). Information from the survey on these and other areas will be used in conjunction with public comments from the ANPR to inform and guide proposals to be included the NPR.

¹ “International Convergence of Capital Measurement and Capital Standards: A Revised Framework”, June 2004.