

NR 95-66
June 27, 1995

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COMPTROLLER OF THE CURRENCY

Today we are voting on two questions: a final rule requiring examiners to consider interest rate risk in their evaluation of bank capital adequacy, and a proposed framework for measuring that risk. We are voting to seek public comment on a proposed interagency policy statement on interest rate risk, including new reporting forms and a proposed system for measuring risk.

The ability of banks to manage interest rate risk is a serious concern for all regulators -- a critical component of safe and sound banking practices. That is why the Comptroller's Office issued Advisory Letter 95-1 on interest rate risk in January and followed up with questions and answers to clarify our guidance just two weeks ago. The other regulators have also been screening for interest rate risk.

On the other hand, we are also committed to keeping regulatory burden to the essential minimum. I am very concerned that this proposal may burden banks with too many reporting and supervisory requirements.

We have wrestled with this problem of balancing burden against safety and soundness for more than two years now. And I know that the staffs have worked very hard to place new burdens only on those banks with significant exposure.

Now is the time to test whether we've got the balance right by seeking public comment on our results. With these questions in mind, I want especially to encourage commentators to focus on these questions: Does this proposal enhance safety and soundness? Does it keep regulatory burden to a fair and manageable level? And does it strike an appropriate balance between these competing objectives? I am prepared to vote in favor of issuing this regulatory package for public comment.

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