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OCC Advises Banks of Basle Committee's Request for Comment

The Comptroller of the Currency (OCC) is advising national banks that the Basle Committee has requested comment on a new policy paper regarding sound practices for loan accounting and disclosures.

The paper, "Sound Practices for Loan Accounting, Credit Risk Disclosure and Related Matters," was developed by the Basle Committee's Task Force on Accounting Issues. The document, issued October 14, forms part of the Basle Committee's ongoing work to promote effective banking supervision and safe and sound banking systems.

The paper provides guidance to banks, bank supervisors, and agencies that set accounting standards on key loan accounting issues, including the initial recognition and measurement of loans, measurement of impaired loans, the establishment of loan loss allowances, income recognition, and troubled debt restructurings. It also presents sound disclosure practices for loan portfolios, troubled loans, loan loss allowances, and related risk management practices.

Comments on the paper are requested by the Basle Committee on Banking Supervision by March 15, 1999.

The Basle Committee consists of senior representatives of bank supervisory authorities and central banks from Belgium, Canada, France, Germany, Italy, Japan, Luxembourg, the Netherlands, Sweden, Switzerland, the United Kingdom, and the United States. The Committee usually meets at the Bank of International Settlements in Basle, Switzerland, where its permanent Secretariat is located. The OCC is a member of the Basle Committee.

The "Sound Practices for Loan Accounting, Credit Risk Disclosure and Related Matters" paper can be obtained from the BIS Web site at <http://www.bis.org>. A copy of the paper may also be requested from the OCC's Communication Department (Fax 202-874-4448).

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The OCC charters, regulates and examines approximately 2,600 national banks and 66 federal branches and agencies of foreign banks in the United States, accounting for 58 percent of the nation's banking assets. Its mission is to ensure a safe, sound and competitive national banking system that supports the citizens, communities and economy of the United States.