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OCC Highlights Two Basle Committee Actions

The Office of the Comptroller of the Currency (OCC) advised
national banks of two Basle Committee actions which might have an
effect on their future risk-based capital calculations.

The first change lowers the risk weighting for claims on certain
securities firms to 20 percent from 100 percent. The lower
weighting would apply to securities firms that are subject to
supervision and
capital adequacy standards comparable to those required of
depository institutions. The OCC will publish a notice of
proposed rulemaking this year to solicit industry comment on a
conforming
amendment to its risk-based capital regulation.

The Basle Committee also proposed altering the requirements a bank
must meet in order to apply on-balance sheet netting to its
regulatory capital calculations. The Basle Committee has published
a consultative paper that invites industry comments on its
proposal, which would limit on-balance sheet netting. Because the
Committee's proposal is not consistent with U.S. generally accepted
accounting principles, banks are encouraged to review the proposal
carefully. During this consultative period, national banks will
continue to use the current instructions for submitting their
regulatory reports.

The Basle Committee, which meets regularly at the Bank of
International Settlements, Basle, Switzerland, is made up of
representatives of the central banks and supervisory authorities of
the Group of Ten countries and Luxembourg.

The Basle Committee papers are available from the Internet site of
the Bank for International Settlements at www.bis.org or may be
requested from the OCC's Communications Department on (202)
874-4700.

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banks and
66 federal branches of foreign banks in the U.S., accounting for more
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the nation's banking assets. Its mission is to ensure a safe and sound
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competitive national banking system that supports the citizens,
communities and
economy of the United States.