
Joint Release

**Federal Deposit Insurance Corporation
Board of Governors of the Federal Reserve System
Office of the Comptroller of the Currency
Office of Thrift Supervision**

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Agencies Consider A Simplified Capital
Framework For Non-Complex Institutions

The federal bank and thrift regulatory agencies today requested public comment on an advance notice of proposed rulemaking that considers the establishment of a simplified regulatory capital framework for non-complex institutions. The advance notice was published in today's *Federal Register*.

Comments are due February 1, 2001, to the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, or the Office of Thrift Supervision.

Banks and thrifts are required to maintain minimum levels of capital set by U.S. regulators under a framework established by the Basel Accord in 1988. The U.S. and other regulators are currently revising the Accord to provide a more refined assessment of the capital requirements for large, complex, internationally active banks. The agencies seek comment on simplified capital frameworks for non-complex banks and thrifts that would conform to the underlying principles of a revised Basel Accord and maintain the principles of prudential supervision, yet would relieve unnecessary regulatory burden.

The advance notice by the agencies observes that a large number of community banks and thrifts might benefit from a simpler capital framework that relieves some of the

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regulatory burden associated with regulatory capital calculations. The agencies suggest criteria that could be used to determine eligibility for a simplified capital framework, such as the nature of a bank's activities, its asset size and its risk profile. In the advance notice, the agencies seek comment on possible minimum regulatory capital requirements for non-complex institutions, including a simplified risk-based ratio, a simple leverage ratio, or a leverage ratio modified to incorporate certain off-balance sheet exposures.

The advance notice solicits public comment on the agencies' preliminary views, particularly on the following issues:

- ◆ Defining a non-complex institution.
- ◆ Identifying the factors for determining eligibility for a simplified capital framework.
- ◆ Setting an appropriate minimum capital threshold for non-complex institutions that balances the need to maintain prudent capital levels while minimizing the regulatory burden associated with calculating that level.
- ◆ Considering additional options for measuring regulatory capital at non-complex institutions.
- ◆ Resolving the implementation issues associated with a simplified capital framework.

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Related Link

- [Joint Advance Notice of Proposed Rulemaking](#)