

Federal Reserve Bank of San Francisco
101 Market Street, San Francisco, California 94105

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To State Member Banks, Bank
Holding Companies, Financial Holding
Companies, and Foreign Bank Offices
in the Twelfth Federal Reserve District

Agencies Adopt a Final Rule to Establish a Risk-Based Capital Floor

Three federal banking regulatory agencies adopted a final rule that establishes a floor for the risk-based capital requirements applicable to the largest, internationally active banking organizations. The rule, finalized by the Federal Reserve Board, the Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency, is consistent with the requirements of Section 171 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

A banking organization operating under the agencies' advanced approaches risk-based capital rules is required to meet the higher of the minimum requirements under the general risk-based capital rules and the minimum requirements under the advanced approaches risk-based capital rules.

The rule also provides limited flexibility to establish appropriate capital requirements for certain low-risk exposures that, in general, are not held by insured depository institutions, but may be held by depository institution holding companies or nonbank financial companies supervised by the Federal Reserve Board.

The final rule will be effective 30 days after publication in the *Federal Register*; publication is expected soon.

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Additional Information

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