AGENCIES SEEK COMMENT ON PROPOSED REGULATORY CAPITAL STANDARDS RELATED TO ADOPTION OF STATEMENTS OF FINANCIAL ACCOUNTING STANDARDS NO. 166 AND 167

Attention: Chief Executive Officer of Each Tenth District State Member Bank and Large Bank Holding Company

In Brief: The federal banking and thrift regulatory agencies are seeking comment on a proposed regulatory capital rule related to the Financial Accounting Standards Board's adoption of Statements of Financial Accounting Standards Nos. 166 and 167. Beginning in 2010, these accounting standards will make substantive changes to how banking organizations account for many items, including securitized assets, that are currently excluded from these organizations' balance sheets.

Highlights: The agencies are issuing the proposal to better align regulatory capital requirements with the actual risks of certain exposures. Banking organizations affected by the new accounting standards generally will be subject to higher minimum regulatory capital requirements. The agencies' proposal seeks comment and supporting data on whether a phase-in of the increase in regulatory capital requirements is needed. It also seeks comment and supporting data on the features and characteristics of transactions that, although consolidated under the new accounting standards, might merit an alternative capital treatment, as well as on the potential impact of the new accounting standards on lending, provisioning, and other activities.

Comment Deadline: Comments on all aspects of the proposed rule are due by October 15, 2009.

Contact: Questions regarding the Board announcement may be directed to Anita Feemster at (800) 333-1030, extension 38063.

Internet: A copy of the request for comment and instructions for submissions are available on the Board’s web site.