



**Federal Deposit Insurance Corporation**  
550 17th Street, NW, Washington, D.C. 20429-9990

**Financial Institution Letter**  
**FIL-49-2009**  
**August 27, 2009**

## **REGULATORY CAPITAL STANDARDS**

### **Notice of Proposed Rulemaking Regarding Risk-Based Capital: Impact of Modifications to Generally Accepted Accounting Principles, Consolidation of Asset-Backed Commercial Paper Programs, and Other Related Issues**

**Summary:** The federal banking agencies are requesting comment on a proposal to better align capital requirements with the actual risk of certain exposures and to obtain public comment on the effect on regulatory capital that will result from the implementation of the Financial Accounting Standards Board's Statement of Financial Accounting Standards No. 166, *Accounting for Transfers of Financial Assets, an Amendment of FASB Statement No. 140* (FAS 166), and Statement of Financial Accounting Standards No. 167, *Amendments to FASB Interpretation No. 46(R)* (FAS 167), on consolidation of variable interest entities (VIEs). The agencies will accept comments on the proposal for 30 days after its publication in the Federal Register.

**Distribution:**

FDIC-Supervised Banks (Commercial and Savings)

**Suggested Routing:**

Chief Executive Officer  
Chief Financial Officer  
Chief Risk Officer

**Related Topics:**

Risk-Based Capital Rules  
12 CFR Part 325

**Attachments:**

- . Summary
- . Notice of Proposed Rulemaking

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**Note:**

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**Highlights:**

- The proposal would modify the general risk-based and advanced risk-based capital adequacy frameworks to eliminate the exclusion of certain consolidated asset-backed commercial paper programs from risk-weighted assets.
- The proposal would provide a reservation of authority in the general risk-based and advanced risk-based capital adequacy frameworks to permit the agencies to require banking organizations to treat entities that are not consolidated under accounting standards as if they were consolidated for risk-based capital purposes.
- The agencies request public comment on the regulatory capital impact of FAS 166 and 167, including, with respect to the types of VIEs a bank will have to consolidate, the features and characteristics of securitization transactions or other transactions with VIEs that are more or less likely to cause a bank to provide implicit support, and the effect of FAS 166 and 167 on a bank's financial position, lending, and activities.
- The agencies also request public comment on a phase-in period, and the impact of FAS 166 and 167 on loan loss provisioning, mortgage loan modifications, and securitization reform programs.