

Press Releases

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OTS 07-009 - Agencies Seek Public Comment on Proposed Supervisory Guidance for Basel II

Office of Thrift Supervision

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For further information

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Joint Release

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

Agencies Seek Public Comment on Proposed Supervisory Guidance for Basel II

The federal bank and thrift regulatory agencies on Thursday announced that they will seek public comment on three proposed supervisory guidance documents related to the September 2006 notice of proposed rulemaking (NPR) on new risk-based capital requirements in the United States for large, internationally active banking organizations.

The September 2006 NPR detailed the agencies' proposal for implementing the new capital framework issued by the Basel Committee on Banking Supervision in 2004 (Basel II). The proposed U.S. Basel II capital framework would be mandatory for large, internationally active U.S. banking organizations and optional for other institutions. The Basel II NPR includes requirements that banking organizations would need to satisfy to calculate their risk-based capital under the proposed new capital framework. The proposed supervisory guidance provides information to assist bankers, as well as supervisors, in addressing the Basel II qualification requirements.

Two of the proposed documents issued Thursday relate to the Basel II advanced approaches for calculating risk-based capital requirements: the advanced internal ratings-based (IRB) approach for credit risk and the advanced measurement approaches (AMA) for operational risk. These guidance documents have been updated since they were previously issued for public comment in 2003 and 2004. The third document proposes guidance on the Basel II supervisory review process for assessing capital adequacy and is being issued for the first time.

The proposed supervisory guidance documents are being issued by the Federal Reserve Board, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, and

the Office of Thrift Supervision. The documents are attached and will be published shortly in the Federal Register.

Proposed Supervisory Guidance - <http://www.occ.gov/static/news-issuances/ots/press-releases/ots-pr-2007-09a.pdf>

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The Office of Thrift Supervision, an office of the Department of the Treasury, regulates and supervises the nation's thrift industry. OTS's mission is to ensure the safety and soundness of, and compliance with consumer protection laws by, thrift institutions, and to support their role as home mortgage lenders and providers of other community credit and financial services. OTS also oversees the activities and operations of thrift holding companies that own or control thrift institutions. Copies of OTS news releases and other documents are available at the OTS web page at www.ots.treas.gov.