

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Date: March 22, 2006
To: Board of Governors
From: Governor Olson
Subject: Notice of Proposed Rulemaking Implementing New Risk-Based Capital Framework in the United States

Attached are a memorandum and a draft Federal Register notice that present a notice of proposed rulemaking (NPR) implementing a new risk-based capital adequacy framework based on the Basel Committee on Banking Supervision's 2005 revised capital accord. The NPR would be published jointly by the four federal banking agencies in the Federal Register after all of the agencies have completed their internal review and approval procedures, including for the OCC and the OTS, review by the Office of Management and Budget.

The Committee on Supervisory and Regulatory Affairs has reviewed the proposal and I believe it is ready for the Board's consideration at an open Board meeting on March 30. If the Board approves the NPR on March 30, a draft would be posted on the Board's website, allowing public access to the document pending the completion of the agencies' review processes.

Attachment