



**BOARD OF GOVERNORS**  
OF THE  
**FEDERAL RESERVE SYSTEM**

WASHINGTON, D.C. 20551

DIVISION OF BANKING  
SUPERVISION AND REGULATION  
BASEL COORDINATION COMMITTEE  
(BCC) BULLETIN

**BCC 15-2**

**October 15, 2015**

**SUBJECT: Wholesale and Retail Credit Risk Work Programs for the Advanced Approaches Rule**

The attached work programs are based on the common text of subpart E of the regulatory capital rules adopted by the Office of the Comptroller of the Currency (OCC), the Board of Governors of the Federal Reserve System (Board), and the Federal Deposit Insurance Corporation (FDIC) (collectively, federal banking agencies).<sup>1</sup> In particular, the attached work programs describe the supervisory processes for gathering information on retail and wholesale credit risk management and measurement practices at organizations subject to subpart E (advanced approaches rule) related to the use of an internal ratings-based (IRB) approach to determine risk-based capital requirements for wholesale and retail exposures.<sup>2</sup> The work programs follow, and are intended to implement, the principles in sections 122 and 131 of the advanced approaches rule.<sup>3</sup> Under these sections of the advanced approaches rule, an organization subject to the advanced approaches rule must, respectively, have an internal risk rating and segmentation system that accurately and reliably differentiates among degrees of credit risk for wholesale and retail exposures, and must have a comprehensive risk-parameter quantification process that produces accurate, timely, and reliable risk-parameter estimates.<sup>4</sup>

Supervisors may use information collected through these work programs to catalogue supervisory understanding of the regulatory capital practices for wholesale and retail credit risk employed at reviewed organizations, to facilitate cross-firm perspectives on sound practices, and to support other supervisory analysis. Each work program may be used by supervisors as an

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<sup>1</sup> For purposes of this work program, section numbers refer to the common text of the agencies' advanced approaches rules, unless noted otherwise. As an example, section 122 refers to 12 CFR 3.122 for OCC-supervised institutions, 12 CFR 217.122 for Federal Reserve-supervised institutions, and 12 CFR 324.122 for FDIC-supervised institutions. Staff at the OCC and the Federal Reserve worked closely together on the development of these work programs.

<sup>2</sup> The advanced approaches rules are set forth at 12 CFR 3, subpart E (OCC); 12 CFR 217, subpart E (Board); and 12 CFR 324, subpart E (FDIC). The advanced approaches rule applies to an organization described in 12 CFR 3.100(b)(1) (OCC), 12 CFR 217.100(b)(1) (Board), and 12 CFR 324.100(b)(1) (FDIC).

<sup>3</sup> See 12 CFR 3.122, 3.131 (OCC); 12 CFR 217.122, 217.131 (Board); and 12 CFR 324.122, 324.131 (FDIC).

<sup>4</sup> Id.

ongoing comprehensive compilation of supervisory knowledge and assessments, as well as a reference guide supporting targeted wholesale and retail IRB examinations.

The questions and tables, which comprise the work program, are intended solely as a focused example of how supervisors go about their review of an organization's IRB systems and processes. The work programs do not establish new requirements or reporting obligations on organizations subject to the advanced approaches rule. As appropriate, the agencies will update the work programs to clarify the requirements of the advanced approaches rule and to clarify supervisory expectations in any related guidance.

**Attachments:**

- [\*Wholesale Credit Risk Work Program for the Advanced Approaches Rule\*](#)
- [\*Retail Credit Risk Work Program for the Advanced Approaches Rule\*](#)