

# Press Release

## FEDERAL RESERVE press release



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### **For immediate release**

The Federal Reserve notes the Financial Accounting Standards Board's publication today of Statements of Financial Accounting Standards No. 166 and 167 (FAS 166 and 167), which will have a material effect on banking organizations' accounting for off-balance sheet vehicles. These statements, which become effective in 2010, address weaknesses in accounting and disclosure standards for off-balance sheet vehicles. The new standards amend Statement of Financial Accounting Standards No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities* (FAS 140), and FASB Interpretation No. 46(R), *Consolidation of Variable Interest Entities* (FIN 46(R)).

The Federal Reserve is reviewing regulatory capital requirements associated with the adoption of the new accounting standards. In conducting this review, the Federal Reserve is considering a broad range of factors including the maintenance of prudent capital levels, the record of recent bank experiences with off-balance sheet vehicles, and the results of the recent Supervisory Capital Assessment Program (SCAP). As part of the SCAP, participating banking organizations' capital adequacy was assessed using assumptions consistent with standards ultimately included in FAS 166 and FAS 167.

Banking organizations should take into account in their internal capital planning processes the full impact of FAS 166 and 167 and assess whether additional capital may be necessary to support the risks associated with vehicles affected by the new accounting standards.