

FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

Circular No. 83-152
December 28, 1983

CAPITAL ADEQUACY

MINIMUM CAPITAL GUIDELINES

TO ALL STATE MEMBER BANKS,
BANK HOLDING COMPANIES
AND OTHERS CONCERNED IN THE
ELEVENTH FEDERAL RESERVE DISTRICT:

The Board of Governors of the Federal Reserve System has reaffirmed the adoption of amendments to its capital adequacy guidelines. The amendments were adopted June 13, 1983; however, public comments on the changes were accepted through August 12, 1983. The new guidelines were distributed by Circular No. 83-80, dated June 28, 1983.

Printed on the reverse of this circular is a copy of the Board's press release announcing the action.

Questions from state member banks should be directed to William C. Reddick in our Bank Supervision and Regulations Department, Extension 6274. Bank Holding Companies should contact Richard J. Burda in our Holding Company Supervision Department, Extension 6472.

Additional copies of this circular will be furnished upon request to the Public Affairs Department, Extension 6289.

Sincerely yours,



William H. Wallace
First Vice President

FEDERAL RESERVE press release



For immediate release

December 1, 1983

The Federal Reserve Board today announced that it has reviewed and reaffirmed amendments to its capital adequacy guidelines adopted in June 1983. These amendments established an explicit minimum capital ratio guideline for multinational organizations of 5 percent, and expanded the definition of secondary capital to include unsecured, long-term debt issued by a bank holding company or a nonbank affiliate of the holding company.

The Board acted in the light of comments received since the amendments were adopted and of experience with the guidelines. The Board noted that multinational banking organizations have substantially increased their capital ratios since the implementation of the capital guidelines program in 1981. The Board decided against any further narrowing of capital requirements of larger and smaller banking organizations at this time.

The Board reiterated that for bank holding company organizations with total assets exceeding \$150 million, the capital guidelines apply both to individual banks in the holding company as well as to the bank holding company on a consolidated basis.