



FEDERAL RESERVE BANK  
OF DALLAS

ROBERT D. McTEER, JR.  
PRESIDENT  
AND CHIEF EXECUTIVE OFFICER

DALLAS, TEXAS  
75265-5906

June 3, 1998

**Notice 98-39**

**TO:** The Chief Executive Officer of each  
financial institution and others concerned  
in the Eleventh Federal Reserve District

**SUBJECT**

**Basle Committee Announcements**

**DETAILS**

The Basle Committee on Banking Supervision has issued two announcements relating to the Basle Accord, which is an international agreement setting minimum capital requirements for banks.

One announcement is an amendment to the Accord reducing the risk weight for claims on (and claims guaranteed by) certain securities firms incorporated in Organization for Economic Cooperation and Development countries from 100 percent to 20 percent. The second announcement sets forth principles governing on-balance-sheet netting for capital purposes.

The Basle Committee is soliciting comments on the netting proposal. Please fax comments to the Basle Supervisors Committee at 011-41-61-280-9100. All comments must be received by June 30, 1998.

**ATTACHMENT**

A copy of the Board's press release regarding the announcements is attached. You may retrieve the announcements on the Internet at the following address:

<<http://www.bis.org>>

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For additional copies, bankers and others are encouraged to use one of the following toll-free numbers in contacting the Federal Reserve Bank of Dallas: Dallas Office (800) 333-4460; El Paso Branch *Intrastate* (800) 592-1631, *Interstate* (800) 351-1012; Houston Branch *Intrastate* (800) 392-4162, *Interstate* (800) 221-0363; San Antonio Branch *Intrastate* (800) 292-5810.

**MORE INFORMATION**

For more information, please contact Dorsey Davis at (214) 922-6051. For additional copies of this Bank's notice, contact the Public Affairs Department at (214) 922-5254.

Sincerely yours,

*Robert D. McTeer, Jr.*

# FEDERAL RESERVE press release



For immediate release

April 8, 1998

The Basle Committee on Banking Supervision has issued two announcements relating to the Basle Accord, which is an international agreement setting minimum capital requirements for banks.

One announcement is an amendment to the Accord reducing the risk weight for claims on (and claims guaranteed by) certain securities firms incorporated in OECD countries from 100 percent to 20 percent. To qualify for the preferential risk weight, securities firms must be subject to supervisory and regulatory arrangements, and in particular capital requirements, that are comparable to those applied to banks under the Basle Accord.

In the United States this amendment, in general, would provide a reduced capital charge for claims on or guaranteed by broker-dealers registered with the Securities and Exchange Commission and their direct subsidiaries that are subject to supervision and capital requirements. The capital requirements generally would be the SEC's net capital rule, or, for securities firms operating in Europe, the European Union's Capital Adequacy Directive. Claims on the holding companies and affiliates of

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such broker-dealers or securities firms not subject to capital requirements generally would retain their 100 percent risk weighting. The Federal Reserve intends to initiate a rulemaking to propose this revision to its risk-based capital rules for state member banks and bank holding companies.

The second announcement sets forth principles governing on-balance-sheet netting for capital purposes. The statement solicits industry comment by June 30, 1998.

The announcements are accessible on the Internet at the Bank for International Settlements website (<http://www.bis.org>). Comments on the netting proposal may be submitted to the Basle Supervisors Committee at FAX: 011 41 61 280 9100.