



FEDERAL RESERVE BANK OF DALLAS

2200 N. PEARL ST.
DALLAS, TX 75201-2272

November 16, 2004

Notice 04-81

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

SUBJECT

Banking Agencies Finalize Basel II Survey Documents

DETAILS

The U.S. banking agencies have made available survey materials for the fourth Quantitative Impact Study (QIS-4) and a related Loss Data Collection Exercise (LDCE) in preparation for the U.S. implementation of the Basel II Capital Framework.

The Basel Committee on Banking Supervision proposed new international capital standards for banking organizations in June 2004, and the proposal is currently being evaluated by bank supervisory authorities worldwide. QIS-4 is intended to provide the agencies a better understanding of how the implementation of a more risk-sensitive approach for regulatory capital standards might affect minimum required capital at the industry, institution, and portfolio level. The LDCE is intended to provide insight, based on detailed loss event data, into the implications of the proposed Basel II standards regarding the Advanced Measurement Approaches for evaluating operational risk.

Materials for the U.S. survey are available on the web site of the Federal Financial Institutions Examination Council at www.ffiec.gov/qis4 and www.ffiec.gov/ldce. Interested parties may review and use these materials to gain a better understanding of the possible implications of such new capital standards for their own institutions.

Approximately thirty U.S. banking organizations have indicated an interest in participating in the U.S. version of QIS-4, while fewer are expected to participate in the LDCE.

The agencies are requesting responses for the LDCE by late November 2004 and for the QIS-4 by late January 2005. The information received should help them by midyear 2005 prepare a joint Notice of Proposed Rulemaking for implementing Basel II in the United States.

MORE INFORMATION

For more information, please contact Andrew Williams, Board of Governors, (202) 452-2955. Paper copies of this notice or previous Federal Reserve Bank notices can be printed from our web site at www.dallasfed.org/banking/notices/index.html.