

**FEDERAL RESERVE BANK
OF NEW YORK**

[Circular No. **9593**]
[December 8, 1983]

CAPITAL ADEQUACY GUIDELINES

*To All Member Banks and Bank Holding Companies
in the Second Federal Reserve District:*

The following statement was issued by the Board of Governors of the Federal Reserve System:

The Federal Reserve Board has announced that it has reviewed and reaffirmed amendments to its capital adequacy guidelines adopted in June 1983. These amendments established an explicit minimum primary 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 and to the bank holding company on a consolidated basis.

The text of the guidelines was sent to you in our Circular No. 9513, dated June 16, 1983. Questions on this matter may be directed to our Bank Analysis Department (Tel. No. 212-791-6710).

ANTHONY M. SOLOMON,
President.