

Collins Amendment – Minimum Capital and Risk-Based Capital Requirements

June 28, 2010 | Client Update

The Collins Amendment, originally drafted by the FDIC staff and reflecting views held by Chairwoman Bair, imposes, over time, the leverage and risk-based standards currently applicable to U.S. insured depository institutions on U.S. bank holding companies, including U.S. intermediate holding companies of foreign banking organizations, thrift holding companies and systemically important nonbank financial companies. One of the effects of the Collins Amendment is to eliminate trust preferred securities as an element of Tier 1 capital. Implementing regulations must be issued no later than 18 months from the bill's effective date. As with all changes in capital requirements, there are highly negotiated transition periods and grandfathering exemptions, which we describe below. Please see a more complete implementation timeline at the end of this memorandum.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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