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# Federal Banking Agencies Implement Collins Amendment by Establishing Risk-Based Capital Floor

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Pursuant to the Collins Amendment of the Dodd-Frank Act, the Federal Reserve Board, FDIC and OCC have adopted a final rule to replace the transitional floors in the Federal banking agencies' Basel II internal-ratings based and advanced measurement approaches for risk-based capital with a permanent capital floor equal to the risk-based capital requirements under the banking agencies' Basel I capital adequacy guidelines. As a result, a banking organization operating under the advanced approaches must calculate its risk-based capital ratios under both the general rules and the advanced approaches. The banking organization must then use the lower of the two Tier 1 risk-based capital ratios and the lower of the two Total risk-based capital ratios to determine whether it meets its minimum risk-based capital requirements. The final rule is unchanged from the rule proposed by the agencies in December 2010.

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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