

U.S. Basel III Capital Proposed Rules and Market Risk Final Rule: Out with the Old, In with the New

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U.S. bank regulators are proposing a broad and comprehensive revision of the regulatory capital rules applicable to all U.S. insured depository institutions and all U.S.-based insured depository institution holding companies other than small BHCs. The new rules would implement many aspects of the Basel III capital framework, modified to be consistent with the Dodd-Frank Act's ban on reliance on external credit ratings and the Collins Amendment. The new rules represent the most complete overhaul of U.S. bank capital standards in over two decades. Once fully phased in, they will generally require U.S. banking organizations to hold more capital, especially common equity, against their risk-weighted assets. This client newsflash provides a high-level summary of U.S. bank regulators' Basel III proposals and final rule to implement Basel 2.5.

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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