

## Corporate & Financial Weekly Digest

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### **Banking Agencies Request Information on Alternatives to the Use of External Credit Ratings in Risk-Based Capital Rules**

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On August 10, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency and the Office of Thrift Supervision (collectively, the Banking Agencies) issued an advanced notice of proposed rulemaking regarding the use of credit ratings in the Banking Agencies' risk-based capital rules (the Proposal). The issuance is in response to the Dodd-Frank Wall Street Reform and Consumer Protection Act, which requires federal agencies to review, no later than one year after enactment, any regulation that requires use of an assessment of creditworthiness of a security or money market instrument and any references to, or requirements in, regulations regarding credit ratings. Where feasible, the Banking Agencies are also required to remove references or requirements to rely on credit ratings and to substitute an alternative standard of creditworthiness.

The Proposal describes where the Banking Agencies rely on credit ratings in their regulations. It also includes an informative table that provides an overview of where credit ratings are referenced in such regulations and used as a basis for capital requirements. The Banking Agencies will use the information they collect in response to the questions set forth in the Proposal to begin to develop an alternative to the use of credit ratings in their respective capital rules.

Comments are due to the Banking Agencies within 60 days after publication in the Federal Register.

For more information, click [here](#).