

MEMO# 26593

October 18, 2012

ICI Draft Letter Regarding Implementation of Basel III Capital Accords

[26593]

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TO: MONEY MARKET FUNDS ADVISORY COMMITTEE No. 52-12
SEC RULES COMMITTEE No. 62-12 RE: ICI DRAFT LETTER REGARDING IMPLEMENTATION OF
BASEL III CAPITAL ACCORDS

As you may know, in August 2012 the Office of the Comptroller of the Currency, the Federal Reserve Board, and the Federal Deposit Insurance Corporation (together, the “Agencies”) issued three notices of proposed rulemaking (“NPRs”) to implement the Basel III capital accords in the United States. [*] ICI is planning to comment on several narrow issues involving the proposed treatment of banking organization investments in money market funds, as well as investments in registered investment companies or their advisers.

ICI’s comments focus on (i) the removal of the 7 percent risk-weighting option for equity exposures to money market funds under the Advanced Approaches NPR, (ii) the suggestion that this removal would subject money market fund exposures to a 20 percent risk-weight floor; (iii) the look-through approaches under the Standardized and Advanced Approach NPRs and, in particular, their application to investments in money market funds; and (iv) the proposed deduction for investments in unconsolidated financial institutions. A copy of our draft comment letter is attached.

Comments are due to the Agencies by Monday, October 22nd. Please provide any comments on the draft letter to the undersigned (jheinrichs@ici.org) by noon on Monday, October 22nd.

Jane G. Heinrichs
Senior Associate Counsel

[Attachment](#)

endnotes

[*] Regulatory Capital Rules: Regulatory Capital, Implementation of Basel III, Minimum Regulatory Capital Ratios, Capital Adequacy, Transition Provisions, and Prompt Corrective Action, 77 Fed. Reg. 52,792 (Aug. 30, 2012) (“Basel III NPR”); Regulatory Capital Rules: Standardized Approach for Risk-Weighted Assets; Market Discipline and Disclosure Requirements; 77 Fed. Reg. 52,888 (Aug. 30, 2012) (“Standardized Approach NPR”); Regulatory Capital Rules: Advanced Approaches Risk-Based Capital Rule; Market Risk Capital Rule; 77 Fed. Reg. 52,978 (Aug. 30, 2012) (“Advanced Approaches NPR”).

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