

DEPARTMENT OF THE TREASURY**Office of the Comptroller of the Currency****12 CFR Part 30**

[Docket No. 95-15]

FEDERAL RESERVE SYSTEM**12 CFR Part 208**

[Docket No. R-0766]

FEDERAL DEPOSIT INSURANCE CORPORATION**12 CFR Part 364**

RIN 3064-AB13

DEPARTMENT OF THE TREASURY**Office of Thrift Supervision****12 CFR Part 570**

[No. 95-114]

RIN 1550-AA54

Interagency Guidelines Establishing Standards for Safety and Soundness

AGENCIES: Office of the Comptroller of the Currency, Treasury; Board of Governors of the Federal Reserve System; Federal Deposit Insurance Corporation; and Office of Thrift Supervision, Treasury.

ACTION: Proposed guidelines.

SUMMARY: The Office of the Comptroller of the Currency (OCC), the Board of Governors of the Federal Reserve System (Board of Governors), the Federal Deposit Insurance Corporation (FDIC), and the Office of Thrift Supervision (OTS) (collectively, the agencies) are proposing asset quality and earnings standards to be added to the Interagency Guidelines Establishing Standards for Safety and Soundness (Guidelines) adopted pursuant to section 39 of the Federal Deposit Insurance Act (FDI Act) and appearing as an appendix to each of the agencies' standard for safety and soundness final rule published elsewhere in this separate part of the **Federal Register**. The agencies may require an insured depository institution to file a compliance plan for failure to meet these asset quality and earnings standards when adopted in final form.

DATES: Comments must be submitted by August 24, 1995.

ADDRESSES: Interested parties are invited to submit written comments to any or all of the agencies. All comments will be shared among the agencies.

OCC: Communications Division, 250 E Street, SW., Washington, DC 20219, attention: Docket No. 95-15. Comments will be available for public inspection and photocopying at the same location on business days between 9 a.m. and 5 p.m.

Board of Governors: Comments, which should refer to Docket No. R-0766, may be mailed to Mr. William Wiles, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, NW., Washington, DC 20551. Comments addressed to Mr. Wiles may also be delivered to the Board's mail room between 8:45 a.m. and 5:15 p.m., and to the security control room outside of those hours. Both the mail room and control room are accessible from the courtyard entrance on 20th Street between Constitution Avenue and C Street, NW. Comments may be inspected in room MP-500 between 9 a.m. and 5 p.m., except as provided in § 261.8 of the Board's Rules Regarding Availability of Information, 12 CFR 261.8.

FDIC: Robert E. Feldman, Acting Executive Secretary, Attention: Room F-402, Federal Deposit Insurance Corporation, 550 17th Street, NW., Washington, DC 20429. Comments may be hand-delivered to room F-400, 1776 F Street, NW., Washington, DC, on business days between 8:30 a.m. and 5 p.m. [FAX number (202) 898-3838]; Internet E-mail comments @fdic.gov. Comments will be available for inspection and photocopying in room 7118, 550 17th Street, NW., Washington, DC 20429, between 9 a.m. and 4:30 p.m. on business days.

OTS: Send comments to Chief, Dissemination Branch Records Management and Information Policy, Office of Thrift Supervision, 1700 G Street, NW., Washington, DC 20552, Attention Docket No. 95-114. These submissions may be hand delivered to 1700 G Street, NW., from 9 a.m. to 5 p.m. on business days; they may be sent by facsimile transmission to FAX number (202) 906-7755. Comments will be available for inspection at 1700 G Street, NW., from 1 p.m. until 4 p.m. on business days.

FOR FURTHER INFORMATION CONTACT:
OCC: Emily R. McNaughton, National Bank Examiner (202/874-5170), Office of the Chief National Bank Examiner; David Thede, Senior Attorney, (202/874-5210) Securities and Corporate Practices Division, Office of the Comptroller of the Currency, 250 E Street, SW., Washington, DC 20219.

Board of Governors: David Wright, Supervisory Financial Analyst (202/

728-5854), Division of Banking Supervision and Regulation; Scott G. Alvarez, Associate General Counsel (202/452-3583), Gregory A. Baer, Managing Senior Counsel (202/452-3236), Legal Division, Board of Governors of the Federal Reserve System. For the hearing impaired *only*, Telecommunication Device for the Deaf (TDD), Dorothea Thompson (202/452-3544), Board of Governors of the Federal Reserve System, 20th and C Streets, NW., Washington, DC 20551.

FDIC: Robert W. Walsh, Manager, Planning and Program Development (202/898-6911) or Michael D. Jenkins, Examination Specialist (202/898-6896), Division of Supervision; Lisa M. Stanley, Senior Counsel (202/898-7494), Legal Division, Federal Deposit Insurance Corporation, 550 17th Street, NW., Washington, DC 20429.

OTS: William Magrini, Project Manager (202/906-5744), Cathern Smith, Regional Coordinator (202/906-6614), Supervision; Kevin Corcoran, Assistant Chief Counsel (202/906-6962), Teri M. Valocchi, Counsel (Banking and Finance) (202/906-7299), Chief Counsel's Office, Office of Thrift Supervision, 1700 G Street, NW., Washington, DC 20552.

SUPPLEMENTARY INFORMATION:**I. Background****A. Statutory Framework**

Section 132 of the Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA), added a new section 39 to the FDI Act which required each Federal banking agency to establish by regulation certain safety and soundness standards for the insured depository institutions and depository institution holding companies for which it was the primary Federal regulator. As enacted in FDICIA, section 39(b) of the FDI Act required the agencies to establish standards by regulation specifying a maximum ratio of classified assets to capital and minimum earnings sufficient to absorb losses without impairing capital.

On September 23, 1994 the Riegle Community Development and Regulatory Improvement Act of 1994 (CDRI Act) was enacted. Section 318(a) of the CDRI Act eliminated the requirement that standards prescribed under section 39 apply to depository institution holding companies and replaced the requirement that the agencies establish quantitative asset quality and earnings standards with a requirement that the agencies establish standards, by regulation *or* by guideline, relating to asset quality and earnings that the agencies determine to be