



Office of Thrift Supervision
Department of the Treasury

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Director

Any attachments to this document are rescinded only as they relate to national banks and federal savings associations.

March 20, 1995 .

MEMORANDUM FOR: CHIEF EXECUTIVE OFFICERS

FROM: *JLF* Jonathan L. Fiechter
Acting Director

SUBJECT: Extension of Waiver of Interest
Rate Risk Capital Deduction

I understand that there is some uncertainty as to the effective date of the Interest Rate Risk (IRR) Capital Deduction. On October 13, 1994, I advised you that I had decided to waive the IRR Capital Deduction until OTS published the guidelines under which institutions may appeal such a deduction. I also indicated that the delay was necessary so OTS could assess how the proposed appeals process for the deduction (proposed August 15, 1994) related to the requirements of Section 309 of the Riegle Community Development and Regulatory Improvement Act, which established standards for a regulatory appeals process.

OTS is completing this assessment and I expect to publish a final Thrift Bulletin on this appeals process shortly. The waiver will remain in place until that Thrift Bulletin is published and you are notified of the effective date of the IRR Capital Deduction.

This means that in calculating the risk-based capital requirement, no institution will be required to deduct capital for interest rate risk, or to report such a deduction on Schedule CMR, until further notice. (Institutions that do report an IRR Capital Deduction on line CCR-380 will have it automatically changed to zero by OTS.)

If you have any questions about this, please contact your Regional Interest Rate Risk Contact.