



FEDERAL RESERVE BANK *of* KANSAS CITY

March 27, 2009

**CAPITAL ADEQUACY GUIDELINES: TRUST PREFERRED SECURITIES AND THE
DEFINITION OF CAPITAL**

- Attention:** Chief Executive Officer of Each Tenth District Bank Holding Company
- Subject:** Delay of the March 31, 2009, effective date for the new limits on trust preferred securities
- In Brief:** This final rule delays the March 31, 2009, effective date for the amendments to the Board's capital adequacy guidelines for bank holding companies (BHCs) on trust preferred securities and the definition of capital.
- Highlights:** Under limits on restricted core capital elements that are currently in effect, a BHC generally may include in tier 1 capital cumulative perpetual preferred stock and trust preferred securities up to 25 percent of the sum of core capital elements (including cumulative perpetual preferred stock and trust preferred securities).
- The new limits would limit restricted core capital elements includable in the tier 1 capital of a BHC to 25 percent of the sum of core capital elements (including restricted core capital elements), net of goodwill less any associated deferred tax liability. In addition, internationally active BHCs would be subject to a further limitation.
- To promote stability in the financial markets and the banking industry as a whole, the Board has decided to further delay the effective date of the new limits until March 31, 2011.
- New Effective Date:** This amendment delays the effective date of certain amendments to Appendix A to the Board's Regulation Y (published March 10, 2005, at 70 FR 11827) until March 31, 2011.
- Further Information:** Questions regarding the Board announcement may be directed to Nancy Fitzgerald, 800-333-1010, extension 16847, or 816-881-6847.
- Internet:** A copy of the final rule is available on the Board's web site at:
<http://www.federalreserve.gov/newsevents/press/bcreg/20090317a.htm>