



March 1, 2020

Circular no. C-06-2607

Attn: **Banking corporations and credit card companies**

**Re: Capital Adequacy and Measurement—Introduction, Scope of Application, and
Calculation of Capital Requirements and Leverage Ratio**
(Proper Conduct of Banking Business Directives no.201 and 218)

Introduction

1. In order to allow change in the banking system structure by reducing the dominance of the two largest banking groups, and after consultation with the Advisory Committee on Banking Business Affairs, and with the consent of the Governor, I have amended Proper Conduct of Banking Business Directive no. 201 on “Capital Adequacy and Measurement—Introduction” and Proper Conduct of Banking Business Directive no. 218, on “Leverge Ratio”, as detailed below.

The amendment to Directive no. 201

2. Calculation of minimum capital requirements
In Subsections 1 and 2 of Section 40(b), “20 percent” shall be replaced by “24 percent”.

The amendment to Directive no. 218

3. Calculation and limitation
In Section 7, “20 percent” shall be replaced by “24 percent”.

Start date

4. The provisions of this circular shall go into effect upon its publication.

Update of file

5. Update pages for the Proper Conduct of Banking Business Directive file are attached. Following are the provisions of the update:

Remove page

(5/13) [2] 201-1-4

(4/15) [1] 218-1-9

Insert page

(3/20) [3] 201-1-4

(3/20) [2] 218-1-9

Respectfully,

Dr. Hedva Ber
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