

DATE: May 29, 2002

SUBJECT: Regulatory Capital Treatment of Accrued Interest Receivables Related to Credit Card Securitizations (SR Letter 02-12)

HIGHLIGHTS: The federal banking agencies have identified inconsistencies across financial institutions in the regulatory capital treatment of accrued interest receivables (AIRs) related to credit card securitizations. The agencies have worked together and developed guidance that clarifies the appropriate risk-based capital treatment for banking organizations that securitize credit card receivables and record on-balance sheet assets commonly referred to as AIRs.

Additional information regarding this matter is included in the Federal Reserve System's Supervision and Regulation policy letter, SR 02-12, dated May 17, 2002.

DOCUMENT LOCATION: An electronic version of the SR letter, including the interagency guidance, is available under the "SR Letters" section of the Board of Governors' web site:
<http://www.federalreserve.gov/boarddocs/SRLETTERS/2002>

FURTHER INFORMATION: Tim Bosch, Vice President (314) 444-8440 (or 1-800-333-0810, ext. 44-8440) Banking Supervision and Regulation Department