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By Liegh Phillips

EUOBSERVER / BRUSSELS - Banks will have to retain billions of euros more in capital to avoid government bail-outs or even collapses in the future after central bankers and regulators meeting in Switzerland agreed some of the biggest adjustments in global banking regulation in years over the weekend.

On Sunday night, the oversight body within the Basel Committee on Banking supervision, the organ widely considered to be the key institution co-ordinating financial supervisory rules and standards, made up of the heads of central banks and national supervisors from 27 major economies, backed the new so-called Basel III rules, pushed for in the wake of the economic crisis.

The committee backed a compromise position that would require banks to increase the percentage of 'core tier one capital', essentially a bank's safest assets made up of equity and retained earnings, from the current requirement of 2.5 percent of overall capital to 3.5 percent by 2013, then subsequently to 4.5 percent by 2015.

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