



COLORADO

**Department of
Regulatory Agencies**

Division of Banking

May 16, 2019

**STATE BANKING BOARD
RULE 3-CCR 701-4 PDP1
PERTAINING TO TITLE 11, ARTICLE 10.5, SECTION 106(2)(b)
COLORADO REVISED STATUTES**

STATEMENT OF BASIS, PURPOSE AND SPECIFIC AUTHORITY

Statutory Basis

The statutory basis for Banking Board Rule 3-CCR 701-4 PDP1 is found in section 11-10.5-106(2)(b) of the Colorado Revised Statutes (C.R.S.).

Purpose of this Rulemaking

The amendment of 3-CCR 701-4 PDP1 is to reflect technical language revisions, changes made in the Division's practices and to align capital ratios with the Prompt Corrective Action (PCA) Capital Guidelines which went into effect on January 1, 2015.

The purpose of this rulemaking is to amend 3-CCR 701-4 PDP1(A), 3-CCR 701-4 PDP1(B), and 3-CCR 701-4 PDP1(C) to align capital ratios with PCA Capital Guidelines, technical language revisions as well as changes to Division practices. The proposed language reflects the following changes:

1. Changed 'total capital to risk-weighted assets' to 'total risk-based capital to risk-weighted assets ratio' to better reflect the description of the total risk-based capital ratio.
2. The total risk-based capital to risk-weighted assets ratio has changed to less than 10 percent, but greater than or equal to 8 percent.
3. The total risk-based capital to risk-weighted assets ratio has changed to less than 8 percent, but greater than or equal to 6 percent.
4. The total risk-based capital to risk-weighted assets ratio has changed to less than 6 percent.
5. Changed to 'not fully insured by the Federal Deposit Insurance Corporation (FDIC)' to reflect the Division's practice of having institutions whose total risk-based capital to risk-weighted assets ratio falls below 5 percent (changing to 6 percent) only eliminate the uninsured portion of their public deposits.
6. Moved the Significantly Undercapitalized requirement section of subpart (A) to a new subpart, (C) to better delineate the Division's requirements for each capital level.





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The purpose of this rulemaking is to amend 3-CCR 701-4 PDP1(D) (moving to PDP1(E)) to remove the components of total capital and replace with the definition of the total risk-based capital to risk-weighted assets ratio. The proposed language reflects the following changes:

1. Eliminated the components and calculations of tier 1 and tier 2 capital and replaced with the definition of the total risk-based capital to risk-weighted assets ratio.

Rulemaking Authority

- 11-101-102. Declaration of policy.
- 11-102-104. Powers and duties of the banking board.
- 11-10.5-106. Designation as eligible public depository.

