

Bill Introduced to Require Study on Basel Committee on Banking Supervision (Basel III)

Article By:

Corporate Practice

On April 18, Sen. Joe Manchin (D-WV) and Sen. Dean Heller (R-NV) introduced American Bankers Association-supported legislation (S. 731) addressing the issuance of final rules based on the third banking supervision accords issued by the Basel Committee on Banking Supervision (Basel III). The legislation would require the banking regulators to conduct a comprehensive study of the Basel III capital proposals' impact before issuing any final rules. The study would need to include "a quantitative analysis of the proposals' effects on the financial services, including community, mid-size, and regional institutions, as well as a determination of the rules' long-term impact." Late in 2012, the bank regulatory agencies announced that they would delay implementation of earlier proposed capital proposals, including the proposal to implement Basel III reforms. The capital proposals have been criticized from many quarters, some taking the position that the rules are too strict, that they will be ineffective, that they are unduly harsh for smaller institutions, and that they are not strict enough, particularly with respect to leverage ratios. The proposed capital regulations and related proposals have also created potential difficulties for large foreign banking organizations.

Sen. Richard Shelby (R-AL) also introduced a bill (S. 737) on April 17 that would require a "quantitative impact study of the cumulative effect" of Basel III before regulators could issue final rules.

The proposed legislation is available [here](#).

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