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October 31, 2008

Jennifer J. Johnson  
Secretary  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue, NW  
Washington, DC 20551

Re: Risk-Based Capital Guidelines – Leverage Capital Guidelines; Docket No.  
1332; 73 Federal Register 55706

Dear Ms. Johnson:

The American Bankers Association appreciates this opportunity to comment on recent actions taken by the Federal Reserve System to facilitate the Asset-Backed Commercial Paper Facility (ABCP Facility). The ABCP Facility enables banks and bank holding companies to borrow from the Federal Reserve Bank of Boston, on a nonrecourse basis, if they agree to use the loan proceeds to buy asset-backed commercial paper from money market mutual funds. The paper must be used to secure the loans.

Under current risk-based capital rules, a bank or bank holding company that holds asset-backed commercial paper would also have to hold capital to support it. However, the Board recognizes that there are “substantial protections provided to the organization by the Federal Reserve”<sup>1</sup> that justify requiring no capital in connection with the ABCP Facility. Given that the non-recourse nature of the loans results in no credit or market risk stemming from the ABCP, the Board proposes to assign a zero percent risk weight.

The ABA supports this proposal and urges its adoption without change. This proposal appropriately links zero risk to the bank with a zero percent risk weight. We appreciate very much the prompt attention to this issue to clear up what otherwise could have been an impediment to the full implementation of the ABCP Facility. More broadly, we appreciate the Board’s efforts to address in constructive ways the issues that face our industry.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark J. Tenhundfeld'.

Mark J. Tenhundfeld

<sup>1</sup> 73 *Fed. Reg.* 55706, 55707 (Sept. 26, 2008).