

June 13, 2014

Robert E. Feldman
Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550 17th Street NW Washington, DC 20429

Robert V. Frierson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW Washington, DC 20551

Legislative and Regulatory Activities Division
Office of the Comptroller of the Currency
400 7th Street SW Washington, DC 20219

Re: *Proposed Revisions to Eligible Guarantee Definition*

To Whom It May Concern:

The American Bankers Association¹ (ABA) is pleased to submit comments on the notice of proposed rulemaking² to amend the definition of “eligible guarantee” published by the Federal Deposit Insurance Corporation, Office of the Comptroller of the Currency, and Federal Reserve Board (collectively the Agencies).

The Basel II rules adopted by the Agencies in 2007 placed limits on the guarantors recognized under the risk-based capital requirements – but only relative to securitization exposures.³ In fact, the rules refer specifically to an “eligible securitization guarantor.” The Basel III rules,⁴ approved in 2013, place limits on guarantors for other asset classes in addition to securitizations. These limitations would result in many guarantors related to middle market and private banking borrowers not being recognized for the purposes of regulatory capital. ABA highlighted this concern, and others, in a comment letter sent on October 24, 2013.⁵ Adoption of the proposed rule would alleviate the ABA’s concerns and fix what we view as largely a technical issue.

¹ The American Bankers Association is the voice of the nation’s \$14 trillion banking industry, which is composed of small, regional and large banks that together employ more than 2 million people, safeguard \$11 trillion in deposits and extend nearly \$8 trillion in loans. Learn more at www.aba.com.

² 79 Fed. Reg. 24618 (May 1, 2014) at <http://www.gpo.gov/fdsys/pkg/FR-2014-05-01/pdf/2014-09452.pdf>.

³ 72 Fed.Reg.96288 (December 7, 2007) at www.gpo.gov/fdsys/pkg/FR-2007-12-07/pdf/07-5729.pdf.

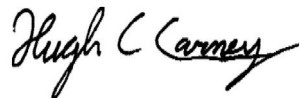
⁴ 78 Fed.Reg.55340 (September 10, 2013) at www.gpo.gov/fdsys/pkg/FR-2013-09-10/pdf/2013-20536.pdf.

⁵ See <http://www.aba.com/Advocacy/commentletters/Documents/EligibleGuarantorLetter.pdf>.

ABA fully supports adoption of the proposed rule. ABA also encourages the Agencies to finalize the proposed rule as quickly as possible and allow banks to follow the proposed rule before its official effective date.⁶ Early adoption will facilitate consistent and efficient reporting of pillar 3 disclosures by those eight banks that have been approved to exit “parallel run” this summer. Early adoption will also benefit investors who will be able to analyze consistent data across time periods for those banks.

Thank you for considering the concerns raised in this letter. We appreciate the opportunity to share our views. If you have any questions, please contact Hugh Carney, Senior Counsel, of ABA at (202) 663-5324 (e-mail: hcarney@aba.com).

Sincerely,

A handwritten signature in black ink that reads "Hugh C. Carney". The signature is written in a cursive, flowing style.

Hugh C. Carney
Senior Counsel II

⁶ Early adoption is often permitted for regulatory capital rules. For example, the Federal Reserve recently finalized a market risk capital rule that was effective April 1, 2014 but stated “[a]ny company subject to the rule may elect to adopt it before this date.” See 78 Fed. Reg. 76521 (December 18, 2013) at <http://www.gpo.gov/fdsys/pkg/FR-2013-12-18/pdf/2013-29785.pdf>.