



The Commonwealth of Massachusetts

Office of the Commissioner of Banks

One South Station

Boston, Massachusetts 02110

MITT ROMNEY
GOVERNOR

KERRY HEALEY
LIEUTENANT GOVERNOR

STEVEN L. ANTONAKES
COMMISSIONER OF BANKS

BETH LINDSTROM
DIRECTOR
OFFICE OF CONSUMER AFFAIRS
AND BUSINESS REGULATION

July 7, 2004

Jennifer J. Johnson
Secretary, Board of Governors of the Federal Reserve System
20* Street and Constitution Avenue, N.W.
Washington, DC 20551

RE: Notice of Proposed Rulemaking: Risk-Based Capital Standards: Trust Preferred Securities and the Definition of Capital
Docket No. R-1193

Dear Ms. Johnson,

The Commonwealth of Massachusetts Division of Banks (the "Division") welcomes the opportunity to comment on the notice of proposed rulemaking: Risk-Based **Capital** Standards: Trust Preferred Securities **and** the Definition of Capital. The Division is the primary regulator of **175** Massachusetts state-chartered banks, 145 of which exist in either the mutual form of ownership or under a mutual holding company. To date, a significant and growing **number** of such banks have prudently utilized the proceeds of trust preferred securities issued **within** their holding company structures. Accordingly, the Division is interested in seeing this relatively **low** cost capital continue to be included in Tier 1 capital.

The Division agrees that a change in accounting rules does not change the **fundamental** concepts that resulted in Tier 1 inclusion initially. **As such**, the Division supports the proposal and commends the **Board of** Governors on its efforts to **codify** the inclusion **of** trust preferred securities into **Part** 225, **Bank** Holding Companies and Change in Bank Control (Regulation **Y**).

If you should have any questions relative to the contents of this letter, please contact Deputy Commissioner David J. Cotney at (617)956-1500 extension 542. Once again, thank **you** for *the* opportunity to comment on the proposal.

Very truly yours,

Steven L. Antonakes
Commissioner of Banks

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