

**Board of Governors of the Federal Reserve System
Office of the Comptroller of the Currency
U.S. Securities and Exchange Commission**

January 11, 2001

Mr. Walter V. Shipley
Retired Chairman of the Board
Chase Manhattan Bank
270 Park Avenue
New York, New York 10017

Dear Walter:

We would like to thank you for your letter setting forth the Working Group on Public Disclosure's suggested improvements in public disclosure by large banks and securities firms. Efforts such as those of your group help ensure that market disclosure practices continue to evolve and to support public policy goals.

The principles and specific recommendations developed by your group are a useful contribution to efforts by financial firms to provide meaningful information about their risk profiles to market participants. The Working Group's suggestions are noteworthy because they synthesize the many viewpoints of the leading securities firms and banks represented in the group.

As you suggest, more frequent disclosure of enhanced information about market and credit risk would be constructive. We also think that your recommendation for disclosure of credit risk based on banks' internal ratings is especially useful. We appreciate the need to strike a balance between quantitative and qualitative information in order to convey a meaningful picture of a firm's risk profile.

We hope that the Working Group's work encourages all large banks and securities firms to adopt enhanced practices for public disclosure. As we seek to use market discipline more effectively as an adjunct to the supervisory process, we look forward to continued discussion with market participants about public disclosure. In particular, we thank the members of the group for their offer to participate in future advisory efforts.

Sincerely,

Laurence H. Meyer
Governor

John D. Hawke, Jr.
Comptroller

Arthur Levitt, Jr.
Chairman