Deutsche Bank

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By e-mail to: regs.comments@federalreserve.gov

Ms. Jennifer J. Johnson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Ave., NW
Washington, DC 20551
Att'n: Docket No. R-1238

By e-mail to: regs.comments@occ.treas.gov

Office of the Comptroller of the Currency
250 E Street, SW
Public Information Room, Mailstop 1-5
Washington, DC 20219
Att'n: Docket No. 05-16

By e-mail to: comments@fdic.gov

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

Re: Joint Advance Notice of Proposed Rulemaking: Possible Modifications to Risk-Based Capital Guidelines

Ladies and Gentlemen:

Deutsche Bank AG, Frankfurt, Germany ("Deutsche Bank"), appreciates this opportunity to comment on the advanced notice of proposed rulemaking (the "Proposal") to revise the existing risk-based capital framework that would enhance its risk sensitivity for banking organizations that will not implement the Basel II framework. The framework set forth in the Proposal has come to be referred to as "Basel I-A".

Deutsche Bank is a German bank that will be required to adopt its home country version of Basel II by the end of 2007. It controls Deutsche Bank Trust Corporation ("DBTC"), a bank holding company by virtue of its ownership of Deutsche Bank Trust Company Americas ("DBTCA"), a New York State chartered member bank, and Deutsche Bank Trust Company Delaware ("DB Delaware"), a Delaware State chartered non-member bank. DBTC, DBTCA and DB Delaware (referred to collectively as "the Subsidiaries") are all subject to U.S. risk-based capital requirements.

Deutsche Bank fully supports the comments submitted by the Institute of International Bankers ("IIB") in its letter dated January 18, 2006. Deutsche Bank is one of the international banks headquartered in the European Union ("EU"), subject to the new Basel II-based EU Capital Adequacy Directive, referred to in the IIB's letter. As IIB points out, Deutsche Bank's home country Basel II requirements will apply to the Subsidiaries. Integrating Basel 1-A contemporaneously with the systems conversions required for Deutsche Bank's global implementation of Basel II would be unfairly burdensome. It is unlikely that the Subsidiaries would benefit from the adoption of Basel 1-A as set forth in the Proposal. Accordingly, Deutsche Bank joins IIB in urging the agencies to either refrain from changing the existing Basel I framework, or, if they implement Basel 1-A, to do so on a permissive rather than mandatory basis.

Other aspects of the Proposal also merit comment. Deutsche Bank believes the agencies should carefully analyze aspects of the Proposal that create huge incentives for banking organizations to deploy resources to consumer lending over commercial lending, such as the immensely punitive proposed 350% risk weight category for long-term exposures rated two or more categories below investment grade. Such a punitive risk weight category would inhibit banks and bank holding companies from originating or purchasing such credits. The loan syndication market has served to spread risk on individual credits, but a 350% risk weight could discourage regulated institutions from purchasing these credits and weaken the effectiveness of this market.

This risk is exacerbated by the prospect that unrated exposures could be subject to the 350% risk weight. This could severely affect the availability of credit to small and medium-sized businesses. If loans to small business continue to be subject to the 100% risk weighting – or a lower weighting, as proposed in part II(I) of the Proposal -- that would mitigate this adverse effect, but could still affect the availability of credit to companies that lose the small business designation. On the other hand, treating unrated exposures better than below-investment grade exposures could discourage companies from seeking ratings.

In part II(G) of the Proposal, the agencies asked for comment on a suggestion that a single credit conversion factor (e.g., 20%) be applied to all commitments, both short-term and long-term. Deutsche Bank believes that short-term commitments should continue to be treated more favorably in recognition of the lower credit risk presented by such commitments.

Deutsche Bank again expresses its appreciation for the opportunity to comment on the Proposal. Please contact the undersigned if it would be helpful for Deutsche Bank to provide additional information regarding any of the matters discussed in this letter.

Sincerely,

Michael L. Kadish

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Director and Senior Counsel