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November 25, 2008

Ms. Jennifer J. Johnson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, D.C. 200551

Re: Docket No. R-1335

Ladies and Gentlemen:

We appreciate the opportunity to comment on the Notice of Proposed Rulemaking (NPR) issued by the Federal banking agencies to allow banking organizations to reduce the risk weight for regulatory capital purposes to claims on, or guarantees by the Federal National Mortgage Association(Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac).

Under the agencies general risk-based capital rules, claims on, and the portion guaranteed by, these U.S. GSEs receive a 20% risk weight. Based on the additional support to Fannie Mae and Freddie Mac provided by the Federal government on September 7, 2008, the NPR proposes that the risk weight be reduced to 10% to reflect the lower risk now present.

We agree that the nature and scope of Federal support of the credit risk of an obligation issued or guaranteed by an entity should be reflected in the risk weighting, and recommend that the Federal banking agencies review the risk weights assigned to other entities whose obligations are backed or supported by the Federal government with a view to similarly lowering the risk weight assigned. For example, the US Agency for International Development provides full faith and credit guarantees in support of specified debt issuances by countries participating in certain US AID programs, such as Israel, Bolivia and Panama. These full faith and credit backed obligations should have a risk weight of zero. Another example is the Resolution Funding Corporation bonds, whose coupons are backed by full and credit of the Federal government, and principal payments are fully collateralized by US Treasury securities. Thus, these bonds carry no credit risk and should also receive a risk weighting at 10% or lower given the proposal to treat Fannie Mae and Freddie Mac as eligible for a 10% risk weight.

We believe that such an approach would prevent a tiering of the market for Federally "supported" obligations, and in general maintain cost of funds for the issuing entities at a parity to each other. Additionally, the reduction of risk weight will make banking organization capital available to support other activities, such as increased lending. This is an important goal in these difficult times in the credit markets.

Thank you for the opportunity to make our views known. If you have any questions, please contact the undersigned at 212-412-6820.

Sincerely,

Barclays Bank PLC

By:____________________
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Title: Managing Director

Cc:
Office of the Comptroller of the Currency
250 E Street, S.W. Mail Stop 1-5
Washington, D.C. 20219
Re: Docket No. OCC-2008-0016

Mr. Robert E. Feldman
Executive Secretary
Attention: Comments/Legal ESS
Federal Deposit Insurance Corporation
550 Seventeenth Street, N.W. 20459
RE: FDIC RIN#3064-AD34

Regulation Comments
Chief Counsel's Office
Office of Thrift Supervision
1700 G Street, N.W.
Washington, D.C. 20552
Att: OTS-2008-0014