



## Metropolitan Transportation Authority

State of New York

February 13, 2012

Ms. Jennifer J. Johnson  
Secretary  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> and Constitution Avenue, NW  
Washington, DC 20551

Mr. Robert Feldman  
Executive Secretary  
Federal Deposit Insurance Corporation  
ATTN: COMMENTS  
550 17<sup>th</sup> Street, NW  
Washington, D.C. 20429

Office of the Comptroller of the Currency  
250 E Street, SW  
Mail Stop 2-3  
Washington, D.C. 20219

Ms. Elizabeth Murphy  
Secretary  
Securities and Exchange Commission  
100 F Street, NE  
Washington, D.C. 20549-1090

### Proposed Rule Making:

- Board of Governors of the Federal Reserve System, [Docket No. R-1432] (RIN 7100-AD82)
- Federal Deposit Insurance Corporation, (RIN 3064-AD85)
- Office of the Comptroller of the Currency, [Docket No. OCC-2011-14] (RIN 1557-AD44)
- Securities and Exchange Commission, [Release No. 34-65545; File No. S7-41-11]

Dear Ladies and Gentlemen:

The Metropolitan Transportation Authority (“MTA”) was created by special New York State legislation in 1965 (the “Metropolitan Transportation Authority Act,” New York Public Authorities Law, Title 11, Section 1260, et. seq.), as a public benefit corporation. MTA is a corporate entity separate and apart from the State of New York (the “State”), without any power of taxation – frequently called a “public authority.” MTA has the responsibility for developing and implementing a unified mass transportation policy for The City of New York (the “City”) and Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk and Westchester counties (collectively with the City, the “MTA Commuter Transportation District”). The MTA is a frequent issuer of tax-exempt bonds with over \$30 billion in debt outstanding. These bonds are used to improve, maintain and extend the public mass transportation system of the MTA Commuter Transportation District, serving a population of over 15.5 million.

We are writing to express our concern regarding certain elements of the notice of proposed rulemaking<sup>1</sup> (the “Proposal”) issued by the Board of Governors of the Federal Reserve, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency and the Securities and Exchange Commission (collectively, the “Agencies”) to implement Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Volcker Rule”).

<sup>1</sup> Prohibitions and Restrictions on Proprietary Trading and Certain Interests in, and Relationships With, Hedge Funds and Private Equity Funds, 76 Fed. Reg. 68,846 (Nov. 7, 2011)

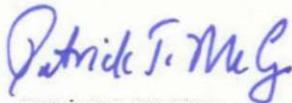
*The agencies of the MTA*

The Volcker Rule exempts municipal securities from its ban on proprietary trading; however, rather than using the definition of "municipal securities" established by the Securities Exchange Act of 1934 (the "1934 Act")<sup>2</sup>, the Agencies propose to use a narrower interpretation. The Proposal would not include agencies or authorities of States or their political subdivisions, meaning an estimated 40% of municipal securities in the market today would be excluded from the Volcker Rule's exemption, including the MTA. We believe this narrow interpretation included in the Volcker Rule exemption will have significant material adverse impacts on the liquidity of securities issued by these entities and, in turn, the primary market pricing and secondary market trading of their securities. We share the view of the Municipal Securities Rulemaking Board<sup>3</sup> that the costs of these adverse impacts will ultimately be borne by the governmental issuers of these securities and the investors (primarily retail) that purchase them.

We are concerned that the current version of the Proposal will result in increased funding costs for important governmental infrastructure projects and diminished investor liquidity in the municipal securities market, while doing nothing to improve the safety and soundness of the banking system.

Thank you for your attention and assistance in these matters.

Sincerely,



Patrick J. McCoy  
Director, Finance

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<sup>2</sup> The 1934 Act defines "municipal securities" to include securities which are direct obligations of, or obligations guaranteed as to principal or interest by, a State or any political subdivision thereof, or any agency or instrumentality of a State or any political subdivision thereof, or any municipal corporate instrumentality of one or more States, or any security which is a tax-exempt industrial development bond.

<sup>3</sup> Comment Letter of the Municipal Securities Rulemaking Board to the Agencies dated January 31, 2012.