



December 22, 2000

Robert E. Feldman
Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429
Attention: Comments/OES

Communications Division
Office of the Comptroller
of the Currency
250 E Street, SW
Third Floor
Washington, DC 20219
Attention: Docket # 00-17

Jennifer J. Johnson
Secretary
Board of Governors of the
Federal Reserve System
20th and C Streets, NW
Washington, DC 20551
Docket # R-1080

Manager, Dissemination Branch
Information Management &
Services Division
Office of Thrift Supervision
1700 G Street, NW
Washington, DC 20552
Attention: Docket # 2000-70

**Re: Leverage and Risk-Based Capital Guidelines; Capital Adequacy
Guidelines; Residual Interests in Asset Securitizations or Other
Transfers; Proposed Rule (65 FR 57993)**

Dear Sir or Madame:

The Conference of State Bank Supervisors (CSBS) is pleased to have the opportunity to comment on the federal banking agencies' (the Agencies) joint notice of proposed rulemaking regarding capital guidelines for the treatment of certain residual interests or other transfers of financial assets.¹ CSBS is the national organization of state officials responsible for chartering, regulating and

¹ 65 Fed. Reg. 57993-58011, (Sept. 27, 2000).

December 26, 2000

Page 2 of 2

supervising the nation's 6,868 state-chartered commercial and savings banks and 419 state-licensed branches and agencies of foreign banks.

CSBS supports the proposed rule. The volatile and illiquid nature of the category of residual interests described in the proposal pose significant credit, interest rate and liquidity risks to depository institutions. High concentrations of such residual interests without sufficient levels of capital trigger safety and soundness concerns. Therefore, CSBS believes the proposed rule better aligns the Agencies' regulatory capital requirements with the risk exposure inherent in this type of asset.

Thank you for your consideration and we invite you to call on us if we can provide additional information.

Best personal regards,

A handwritten signature in black ink, appearing to read "Neil Milner". The signature is written in a cursive, flowing style.

Neil Milner
President and CEO