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January 22, 2001

Office of the Comptroller of the Currency
Public Information Room, Mail Stop 1-5
250 E Street, SW
Washington, DC 20219
Docket No. 00-27

Ms. Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Ave., NW
Washington DC 20551
Docket No. R-1085

Mr. Robert E. Feldman, Executive Secretary
Attention: Comments/OES
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20249

Office of Thrift Supervision
Manager, Dissemination Branch
Records Management and Information Policy
1700 G Street, NW
Washington, DC 20552
Attention Docket No. 2000-96

Dear Sirs,

Citigroup appreciates the opportunity to comment on the Banking Agencies proposal to amend their risk-based capital standards to permit a 20% risk-weighting for claims on, and claims guaranteed by, qualifying securities firms. Under the proposal, qualifying securities firms must be incorporated in an OECD country, be subject to supervisory and regulatory arrangements that are comparable to those imposed on OECD banks, and have a credit rating that is in one of the three highest investment grade rating categories used by a nationally recognized rating agency.

Citigroup generally supports the Banking Agencies proposal to reduce the risk-weighting for claims on, and claims guaranteed by, qualifying securities firms from

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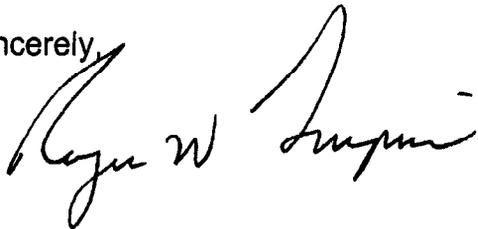
100% to 20%. The reduced risk-weighting is consistent with the relatively low credit risk of qualifying securities firms arising from the supervision and regulation such firms are subject to, including risk-based capital requirements. The proposed 20% risk-weighting is also consistent with the capital charge applied to claims on securities firms under the Basel Accord and the European Union's Capital Adequacy Directive (CAD), thereby creating a greater degree of competitive equality for US depository institutions.

We disagree, however, with the requirement that qualifying securities firms have a credit rating that is in one of the three highest investment grade rating categories used by a nationally recognized rating agency. This requirement goes beyond the requirements of the Basel Accord and the CAD and would undermine the competitive equality issue, discussed above, that would otherwise arise from the adoption of the reduced 20% risk-weighting charge. The ratings requirement is also inconsistent with current guidelines that permit a 20% risk-weighting for claims on OECD banks without reference to the bank counterparty's rating category. We believe the requirements relating to supervision, regulation, and capital are sufficient indicators of creditworthiness, and that the additional ratings requirement is excessive and unnecessary.

We also believe that U.S. securities firms that have registered with the SEC as over-the-counter derivatives dealers should be considered qualifying securities firms under the proposed rule. These firms are subject to substantial regulation, supervision and capital requirements including limitations on the scope of their activities, specified internal risk-management control systems, recordkeeping and reporting obligations, and a net capital rule. While such oversight is somewhat less than that of a fully regulated broker dealer, we believe that it is comprehensive enough to ensure a degree of creditworthiness needed to attract a 20% risk-weighting.

We would be pleased to discuss these comments with you at your convenience.

Sincerely,

A handwritten signature in black ink, appearing to read "Roger W. August". The signature is written in a cursive, flowing style.