

JPMORGAN CHASE & CO.

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November 13, 2008

via email at comments@fdic.gov

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

Attention: Comments Re: RIN #3064-AD37

Re: Interim Rule: Temporary Liquidity Guarantee Program (RIN # 3064-AD37)

Dear Mr. Feldman:

JPMorgan Chase & Co. ("JPM") appreciates the opportunity to comment on the Federal Deposit Insurance Corporation's ("FDIC") Temporary Liquidity Guarantee Program ("TLGP"). Sullivan & Cromwell filed a comment letter on behalf of JPM and several other banking organizations on October 31, 2008. JPM desires to make the following comments as well.

JPM is concerned about the proposed risk-weighting of long-term debt issued by U.S. banks and bank holding companies and guaranteed by the FDIC under the TLGP. We understand that obligations insured by the FDIC are intended to be viewed as being backed by the full faith and credit of the United States Government. It is our view that, by definition, an obligation that is FDIC-guaranteed should be assigned a zero risk-weighting. Any other treatment, in our opinion, minimizes the protection offered by FDIC insurance and, for the reasons set forth below, will not create liquidity in the markets.

First, we note that the current risk-weighting for non-guaranteed bonds issued by U.S. depository institutions is 20% -- the same as is proposed for debt guaranteed by the FDIC. This lack of a distinction in this important investment criteria will undermine the premise of the entire debt guarantee program and will create confusion in the marketplace between debt that is FDIC guaranteed and debt that is not.

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Second, the proposed 20% risk-weighting may compare unfavorably with international guarantee programs currently in effect in other jurisdictions such as the United Kingdom, Canada, Denmark, Ireland France, Sweden and Australia. For instance, as of the date hereof, approximately \$27 billion of U.K.-Treasury guaranteed debt has been issued by four large U.K. financial institutions. All of this guaranteed debt carries a zero risk-weighting. We believe that the U.K. guarantee has provided the confidence needed to return liquidity to the U.K. markets, and has succeeded in creating level access to liquidity for all of the participating U.K. banks. That is because a zero risk-weighting sends a critical signal of explicit government support. Any uncertainty about the extent of government support will create trading volatility and lack of liquidity, and a 20% risk-weighting -- the same risk-weighting as non-guaranteed debt -- undermines that signal of support. In our opinion a zero risk-weighting for FDIC guaranteed debt will, as it did in the U.K., create access to the term market for a significantly wider range of issuers.

Third, we understand that investors that are sensitive to risk-weighting, who seek modest incremental returns on government debt in exchange for a minimal capital charge and virtually no credit risk, have been significant buyers of the guaranteed U.K. debt. Accordingly, we believe that the proposed 20% risk-weighting for FDIC guaranteed debt will disadvantage U.S. banks in competing for funds globally and, more importantly, create a credit-focused market where only the strongest U.S. banks have access to liquidity. A 20% risk-weighting will have a negative material impact on the receptivity of the largest foreign investors for government and quasi-government debt obligations for guaranteed debt. These offshore investors are a meaningful source of capital, and if the U.S. guaranteed debt is risk-weighted at 20%, such investors may not participate in the market, thereby decreasing stability and liquidity for the U.S. markets.

Thank you for the opportunity to share our views with you on this subject. JPM strongly supports the FDIC's efforts to enhance financial institutions' access to liquidity in the markets through the TLGP.

Very truly yours,

A handwritten signature in blue ink, appearing to read "J.P. Morgan", is positioned below the closing text.