By electronic submission to www.regulations.gov

Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

Office of the Comptroller of the Currency
250 E Street, SW
Washington, DC 20219

February 28, 2011

Re: Notice of Proposed Rulemaking Regarding Risk-Based Capital Standards: Advanced Capital Adequacy Framework – Basel II; Establishment of a Risk-Based Capital Floor

Barclays appreciates the opportunity to respond to the Notice of Proposed Rulemaking ("NPR") issued by the Agencies addressing the establishment of permanent risk-based capital floors under Section 171 of the Wall Street Reform and Consumer Protection Act ("Act"). In particular, this response addresses the question posed by the Agencies on the application of the risk-based capital floors to foreign banks in evaluating capital equivalency.

As a first consideration, the application of permanent Section 171 capital floors to foreign banks for evaluations of capital equivalency would be inconsistent with the intent of the Act. Specifically, we note that Section 171(a)(3) of the Act limits the application of the floors to U.S. banks or bank holding companies owned or controlled by a foreign organization, but not the foreign organization itself.

In addition, we note that the Section 171 floors are Basel I-based, while many foreign banks, including Barclays, are subject to Basel II in their home jurisdictions and will shortly be subject to additional capital requirements under amended market risk requirements and Basel III. While we acknowledge that there is a difference in the underlying methodologies for calculating risk-based capital ratios compared to Basel I, the more recent amendments to the Basel framework were agreed to at the Basel Committee, including by the United States, and are (in the case of Basel II) or will be (in the case of more recent amendments) broadly equivalent across jurisdictions. The Agencies should consider, moreover, that recent amendments are in many cases more risk sensitive and stringent than the earlier Basel I framework by, for example, adding formal operational risk charges, more conservative market and counterparty risk charges, and additional risk coverage and capital requirements under Pillar 2.

Finally, a requirement under this proposed rulemaking to maintain the systems and records necessary to calculate the floors for Federal Reserve Board ("Board") assessments of capital equivalency is burdensome but also unnecessary to achieve the Agencies' objectives. As noted in the preamble to the NPR, the Board has an extensive history and well-established processes for evaluating the capital of foreign banks, which has been facilitated by the international agreements on capital adequacy reached by the Basel Committee. Rather than require foreign banks to compute Basel I requirements or otherwise subject the foreign bank to the floors, the Board's evaluation of capital equivalency should, as under current practice, consider home country application of Basel II and Basel III, account for relative conservatism compared to similar U.S. requirements, and determine whether resulting capitalization is comparable to U.S. standards. In short, the authority and discretion exercised by the Board when assessing foreign banks' capital equivalency has the flexibility to accommodate changes to U.S. and foreign capital regulation without a formal requirement that the Board apply a hurdle of the Section 171 capital floors.

We appreciate the Agencies' consideration of the views set forth in this letter and welcome the opportunity to discuss any part of this letter in greater detail.

Yours sincerely,

Patrick Clackson
Chief Financial Officer
Corporate and Investment Banking and Wealth Management
Barclays Capital