VIA EMAIL ONLY

May 7, 2020

Chief Counsel's Office
Attention: Comment Processing
Office of the Comptroller of the Currency
400 7th Street, S.W., Suite 3E-218
Washington, DC 20219
www.regulations.gov
Docket ID: OCC-2020-0011

Ann E. Misback, Secretary
Board of Governors of the Federal
Reserve System
20th Street and Constitution Avenue, N.W.
Washington, DC 20551
regs.comments@federalreserve.gov
Docket ID: R-1705; RIN 7100-AF79

Robert E. Feldman, Executive Secretary
Attention: Comments/RIN 3064-AF40
Federal Deposit Insurance Corporation
550 17th Street N.W.
Washington, DC 20429
comments@fdic.gov
Docket ID: RIN 3064-AF41

Re: Regulatory Capital Interim Final Rule: Money Market Mutual Fund Liquidity Facility; Docket ID: OCC-2020-0011; R-1705, RIN 7100-AF79; and RIN 3064-AF41

Dear Sirs and Madams:

The Wisconsin Bankers Association (WBA) is the largest financial trade association in Wisconsin, representing approximately 220 state and nationally chartered banks, savings banks, and savings and loan associations located in communities throughout the State. In an effort to assist with the economic impact of the Coronavirus (COVID-19), the Office of the Comptroller of the Currency (OCC), Board of Governors of the Federal Reserve System (FRB), and Federal Deposit Insurance Corporation (FDIC) (collectively, the agencies) published an interim final rule on March 23, 2020, to revise each agency's regulatory capital rules to help facilitate the lending program offered via the Federal Reserve Bank of Boston's recently created Money Market Mutual Fund Liquidity Facility (MMLF). WBA appreciates the opportunity to comment on the agencies' interim final rule.

The majority of Wisconsin's financial institutions are well-capitalized with active, well-engaged boards of directors making informed business decisions and careful plans to achieve that high level of regulatory capital. Wisconsin's financial institutions also have robust pandemic policies and procedures in place; and, despite working at reduced- or split-staffing levels, these procedures have been extremely effective in allowing customers non-interrupted, full access to deposit accounts and lending services—including offering countless loan modifications, deferrals and forbearances for borrowers affected by COVID-19.

However, none of these institutions could have planned or projected for the current unique economic crisis which has resulted from national and state stay-at-home orders. Both financial institutions and the agencies have had to consider creative options to help prevent the current economic crisis from becoming a credit crisis. The agencies' interim final rule is one way to assist with those mitigating efforts. Wisconsin's financial institutions appreciate those efforts.

Wisconsin Bankers ASSOCIATION

In general, under the MMLF program, the Federal Reserve Bank of Boston will extend non-recourse loans to eligible financial institutions to purchase assets from money market mutual funds thereby helping to alleviate increased market pressures due to the high volume of redemptions from money market mutual funds. The assets purchased will be posted as collateral to the Reserve Bank. Collateral consists of U.S. Treasuries and fully guaranteed agency securities, securities issued by government-sponsored enterprises, and certain types of commercial paper.

To help facilitate the lending program, the agencies have revised their capital rules to allow financial institutions to neutralize the effects of purchasing assets through the MMLF program on risk-based and leverage capital ratios.

WBA appreciates the agencies' proactive actions to identify the potentially negative impact the current unique economic crisis caused by COVID-19 mitigation efforts may have on money market mutual funds as they quickly sell assets to satisfy voluminous redemption requests. WBA believes the agencies' interim final rule to neutralize the regulatory capital effect for financial institutions to participate in the MMLF program will negate the possibility of increased capital requirements for those participating financial institutions. Without the changes made by the interim final rule, financial institutions would be disincentivized from participating in the MMLF program.

WBA supports the agencies' revisions to the regulatory capital rules due to the non-recourse nature of the extensions of credit by the Federal Reserve Bank of Boston. As there is no credit- or market-risk exposure from assets purchased and pledged to the Reserve Bank under the MMLF program, participating financial institutions should not be "penalized" if such participation would otherwise have resulted in a requirement to increase regulatory capital. The changes made by the interim final rule help provide certainty for those financial institutions that are considering participation in the MMLF program, thereby making the decision to participate less worrisome for the financial institution of heightened regulatory scrutiny.

Once again, WBA appreciates the agencies' efforts to proactively consider creating steps to help prevent the current economic crisis from becoming a credit crisis. The agencies' interim final rule is one way to assist with those mitigating efforts.

Respectfully,

[redacted]

Rose Oswald Poels
President/CEO