Joint Press Release

October 07, 2008

Agencies Seek Public Comment on Proposed Rulemaking to Lower Risk Weights for Claims on, or Guaranteed by, Fannie Mae and Freddie Mac

Board of Governors of the Federal Reserve System
Federal Deposit Insurance Corporation
Office of the Comptroller of the Currency
Office of Thrift Supervision

For immediate release

The federal bank and thrift regulatory agencies announced today that they will request public comment on a joint notice of proposed rulemaking (NPR) to allow a banking organization to assign a 10 percent risk weight to claims on, and portions of claims guaranteed by, the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac). Claims include all credit exposures, such as senior and subordinated debt and counterparty credit risk exposures, but do not include preferred or common stock.

The agencies believe reducing the risk weight from the current 20 percent is appropriate in light of the financial support the Treasury Department announced in September to provide to Fannie Mae and Freddie Mac through senior preferred stock purchase agreements. Under the proposal, the 10 percent risk weight would apply as long as these agreements remain in effect.

The NPR is being issued by the Federal Reserve Board, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, and the Office of Thrift Supervision. Public comments are due 30 days following publication in the Federal Register, which is expected soon. The draft Federal Register notice is attached.

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