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May 2, 2001



Basel Committee on Banking Supervision
Bank for International Settlements
CH-4002
Basel
Switzerland

RE: Initial Comment Letter on New Basel Accord

Ladies and Gentlemen:

Please find attached The Bond Market Association's (the "Association") initial comment letter regarding the impact of the New Basel Capital Accord (the "Accord") in connection with the Accord's proposed credit risk mitigation provisions and their effect on repo, securities lending and margin lending transactions. Please note that the attached letter is submitted in an effort to respond to the request for timely feedback by members of the Basel Committee on Banking Supervision. Therefore, the letter reflects our preliminary comments, and will be followed by a broader and more detailed comment letter to be submitted by the May 31, 2001 deadline. In addition, the Association and the Association's European Securitisation Forum will be submitting separate comments addressing the Accord's prospective effect on asset securitization activities prior to May 31.

While the attached letter is signed solely by the Association, we are participating in discussions on the Accord's impact on the funding markets with other trade organizations, both in the United States and in Europe, and anticipate that these trade organizations will join the Association's final comment letter.

The Association sincerely appreciates the opportunity to comment on the Accord. Feel free to contact me at 212.440.9474 or ooztan@bondmarkets.com with any questions or comments.

Sincerely,

/s/ Omer Oztan

Omer Oztan
Assistant General Counsel

Attachment

cc: Norah Barger, *Federal Reserve Board*
Kim Olson, *Federal Reserve Bank of New York*
Oliver Page, *Financial Services Authority*

...celebrating our first quarter century