

March 1, 2007

**MEMORANDUM**

TO: Office of the Executive Secretary

FROM: George French, Deputy Director  
Division of Supervision and Consumer Protection (DSC)

SUBJECT: Meeting between FDIC and Citigroup Representatives Concerning  
the Notice of Proposed Rulemaking; Risk-Based Capital  
Standards: Advanced Capital Adequacy Framework (Basel II  
NPR)

On February 26, 2007, Chairman Bair, Chief of Staff Jesse Villarreal and DSC Deputy Director George French met with representatives of Citigroup. At the meeting, the Citigroup representatives provided the FDIC with an overview of risk measurement and internal ratings validation systems, and presented their views of various issues involving the Basel II NPR, which was approved by the FDIC Board of Directors in September, 2006 for publication in the Federal Register. The views expressed by Citigroup were generally consistent with a public comment letter submitted by Citigroup and three other large U.S. banks dated February 7, 2007.

Chairman Bair expressed her wish to resolve NPR issues in a way that reduced burden on institutions while preventing unconstrained reductions in risk-based capital requirements.

The representatives from Citigroup were: Jim Garnett, Managing Director and Head, Citigroup Risk Architecture; and Bryce Ferguson, Managing Director and Head, Credit and Operational Risk Analytics.

Please place this memorandum in the public file for the Basel II NPR.