

Federal Deposit Insurance Corporation
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Chris Barnard

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- **12 CFR Part 327**
- **RIN: 3064-AD92**
- **Assessments, Large Bank Pricing**

Dear Sir.

Thank you for giving us the opportunity to comment on your notice of proposed rulemaking and request for comment: Assessments, Large Bank Pricing.

You are proposing to amend the FDIC's regulations to revise some of the definitions used to determine assessment rates for large and highly complex insured depository institutions. The proposed amendments should result in more consistent reporting, better reflect risk to the FDIC, significantly reduce reporting burden, and satisfy many concerns voiced by the banking industry.

I support the proposed amendments, which are pragmatic and should allow institutions to better tailor their risk reporting and assessment to their actual risk profile. I also support your specific inclusion of review and audit powers,¹ which was not really clarified in the February rule etc. I fully agree with you that institutions should have appropriate systems in place for the proper identification and reporting of higher-risk assets. This is an absolute minimum requirement, as long-term poor understanding, identification and reporting of higher-risk assets contributed to the adverse developments during the 2008-9 financial crisis. I also agree with you that: "Institutions' higher-risk identification and reporting programs should include applicable policies, procedures, reviews, and validation (through internal or external audits)", which should be made available to the FDIC upon request, and furthermore that:

¹ See section D. Audit, 77 FR 18117, March 27, 2012. See also various references in the proposed amendments, for example in Appendix C to Subpart A to Part 327: "Generally, the FDIC may review and audit for compliance all determinations made by insured depository institutions for assessment purposes, including a determination that a securitization does not meet the 50 percent threshold" (at 77 FR 18120, March 27, 2012).

Please note that the comments expressed herein are solely my personal views

“Any weakness identified in the reporting of higher-risk assets may be considered when forming supervisory strategies or in the application of adjustments to an institution’s total score as outlined in the Guidelines.” This is the appropriate level of regulatory oversight and response in these cases.

Yours faithfully

C.R.B.

Chris Barnard