



September 26, 2012

TO: The Executive Secretary's Section
FDIC Legal Division

FROM: Scott Ciardi
Chief, Large Bank Pricing Section
Division of Insurance and Research

SUBJECT: Emails from American Bankers Association (ABA) - Assessments, Large Bank Pricing, 77 Fed. Reg. 18109 (March 27, 2012) (RIN 3064-AD92)

The FDIC published in the Federal Register a Notice of Proposed Rulemaking requesting comment on proposed revisions to some of the definitions used to determine assessment rates for large and highly complex insured depository institutions.

In connection with the proposed rule, the ABA submitted 13 emails to the FDIC¹ during August and September 2012. The emails were intended to clarify certain recommendations in its joint comment letter² dated May 29, 2012, and to provide additional information on issues raised during a June 28, 2012, meeting between FDIC staff and representatives of the ABA and various large banks.³

The emails addressed the following topics: 1) consumer loans with no credit scores; 2) the definitions of capital distribution; 3) the aggregation of loans in connection with the proposed \$5 million threshold for higher-risk C&I loans; 4) the 20 percent materiality test and related timeframes used in connection with the proposed definition of Higher-Risk C&I Loans and Securities; 5) the proposed implementation dates for the final rule; 6) consistency in the reporting of participation loans as higher-risk; 7) readily priceable inventory that serves as collateral for C&I loans and the industry's methods for pricing such inventory; 8) the use of Original Equipment Manufacturers' financial statements in dealer floor plan lending; 9) securitizations; 10) government-issued securities; and 11) securities-based lending. Additionally, the emails contained a proposed process or decision tree for bankers to follow when determining whether a C&I loan is higher-risk.

¹ The emails were directed to: Division of Insurance and Research Deputy Director Diane Ellis and Senior Financial Analyst Brenda Bruno.

² The joint comment letter was from: The ABA, The Financial Services Roundtable, The Clearing House, The American Securitization Forum, The Risk Management Association, and The Loan Syndications and Trading Association.

³ For more information on this meeting, please refer to: http://www.fdic.gov/regulations/laws/federal/2012/2012-ad92-staff_03.pdf