PACIFIC LIFE

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VIA EMAIL – comments@fdic.gov

Mr. Robert E. Feldman
Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

Re: Part 330 – Deposit Insurance: Accounts of Qualified Tuition Savings Programs

Dear Sir:

Pacific Mutual Holding Company welcomes this opportunity to comment on the Interim Final Rule ("the Rule") concerning deposit insurance coverage for deposit accounts established in connection with state qualified tuition programs under Section 529 of the Internal Revenue Code ("Section 529"). The FDIC is to be commended for clarifying its rules with respect to an important financial product that must comply with federal tax and securities rules and state enabling statutes, as well as banking rules when insured deposit accounts are involved.

The FDIC's determination to adopt an interim final rule is particularly appropriate in this case. This approach provides clarity with respect to the continuity of deposit insurance coverage for deposit accounts held in connection with Section 529 plans. Both the depositors who are beneficiaries of such accounts and insured banks benefit from this FDIC action.

The Rule's approach seems carefully crafted to achieve a particular objective, because it addresses only the effect of recent clarifications with respect to the application of the federal securities laws to Section 529 programs and related changes to states' Section 529 enabling statutes that call for the legal trustee of Section 529 plan assets to be a state instrumentality rather than a non-governmental entity such as a trust company. By providing the exception to 12 C.F.R. § 330.11(a)(2) added by the Rule, the FDIC has preserved its determination to place limits on corporate trust accounts as stated in § 330.11(a)(2) as originally adopted while allowing deposit accounts held in connection with Section 529 plans to continue to benefit from pass-through deposit insurance.

The Rule is a timely and appropriately tailored action.

Respectfully submitted,

Sharon A Cheever