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**WACHOVIA**

March 13, 2007

VIA E-MAIL:comments@FDIC.gov

Mr. Robert E. Feldman  
Executive Secretary  
Attention: Comments/Legal ESS  
Federal Deposit Insurance Corporation  
550 – 17<sup>th</sup> Street, NW  
Washington, DC 20429

RE: RIN 3064-AC98

Comments of Wachovia Corporation to the Federal Deposit Insurance  
Corporation's Advanced Notice of Proposed Rulemaking Regarding  
Large-Bank Deposit Insurance Determination Modernization

Dear Mr. Feldman:

This letter is submitted on behalf of Wachovia Corporation and its national bank subsidiaries, Wachovia Bank, National Association and Wachovia Bank of Delaware, National Association, and its federal savings association subsidiaries, World Savings Bank, FSB and World Savings Bank, FSB (Texas) (collectively referred to as "Wachovia"). In this letter, Wachovia provides its comments to the Federal Deposit Insurance Corporation's Advanced Notice of Proposed Rulemaking published in the Federal Register on December 13, 2006 ("2006 ANPR") regarding the FDIC's Large-Bank Deposit Insurance Determination Modernization Proposal.

By letter of March 10, 2006 ("2006 Letter"), Wachovia provided comments on the FDIC's December 2005 Advanced Notice of Proposed Rulemaking on this subject. As Wachovia noted in the 2006 Letter, Wachovia understands the FDIC's need to develop improved processes regarding deposit insurance determinations in the event of a large bank failure. Although Wachovia supports the FDIC's efforts to improve these processes, we respectfully submit that the proposed solutions contained in the ANPR continue to raise serious issues and create potentially significant expenses for large banks. In addition to this submission, we have participated with the American Bankers Association (ABA) in the preparation of its comment letter, and we support the positions taken by the ABA in that letter.

As we explained in the 2006 Letter, Wachovia supports over 20 million deposit accounts. Wachovia processes these deposit accounts on several systems. While the majority of our accounts are processed on three common platforms (a Demand Deposit system, a Time Deposit System and a securities system which also houses FDIC insured deposits in certain sweep account products) there are other systems of record that also house deposits in various specialized areas. In order to fulfill any of the options proposed in the ANPR, all of these systems would have to be modified, tested and coordinated.

In addition to these general comments, Wachovia also would like to provide its comments on several specific topics, as requested in the 2006 ANPR:

1. Unique Depositor ID – In order to support large deposit systems, it is common to have a robust Customer Information System to support personal customer data not otherwise required for deposit account systems. A key element of these systems is the use of a unique customer number. We should be able to uniquely identify depositors using this number, assuming that we would be free to use our existing customer number and format. Should the FDIC require a specific numbering scheme or format, we would then be required to re-engineer our systems to accommodate this requirement. There is also a possibility of a single customer having more than one customer ID number; however, efforts are made to eliminate duplicates so customer support staff can be confident they are supporting the customer in the most effective manner.
2. Provisional Holds Against Deposit Accounts – This aspect of the proposal will require Wachovia to undertake significant system development. The most common current need for holding deposits would be due to Federal Reserve Regulation CC deposit holds and holds due to legal actions. All of these situations involve holds that are for a specific dollar amount and not based on a percentage. Current Regulation CC hold processes also allow for bank staff to remove the hold depending on the specific situation and overall customer relationship. A process for placing and removing provisional holds as requested by the FDIC would have to be developed to include a much higher level of security and control. Current deposit holds are placed individually and there is no current capability to place holds of this type in a high volume batch process. The customer could experience major negative consequences if this process is not developed in a way to include adequate controls and customer notification. The length of time required to merge a file such as that proposed by the FDIC in our systems after the batch process is unpredictable and would most likely impact our ability to provide updated balances by the start of the next business day. We also recognize that there is a requirement to notify customers when a hold has been placed. The cost and timeframes to develop this capability also are of concern.

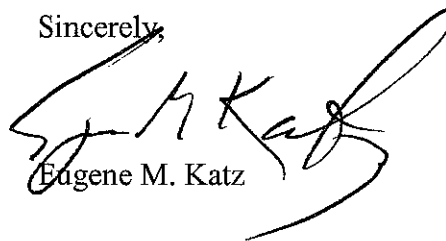
3. The Generation of a Standard Data Structure Reconciled to the Supporting Subsidiary Systems – The Standard Data Set included in Appendix C contains a description of 35 fields to be included for each account. One of these data elements stands out as a major problem: Field 8 – DP\_Owner\_Ind. – Customer Owner Indicator. This specific data does not reside on our account level system (or any of our other related supporting systems), and we have no ability to derive these classifications from existing systems. It may be possible to parse the account titles to estimate the ownership code, but this would be significantly prone to error. Also, Wachovia has integrated many customers through bank mergers. Every attempt is made to map and convert accurate customer data during the merger process; however data elements vary greatly among institutions therefore accuracy and availability of the information required to populate this field may not be entirely consistent. Significant research would be required even to determine if this data could be accurately obtained in an automated fashion. Furthermore, the definition of “Revocable Trust” requires that we know the familial relationship of the beneficiaries. We have no way to determine such relationships from the information in existing systems. The file size generated by pulling together this data for over 20 million accounts will be tremendous and significant cost and time will be required to transmit and process the data. In addition to the account level record, Appendix C contains a layout for a Customer record. While most of the data requested would be available on the system, two elements are not common and availability would be questionable. Neither the CS\_Rel\_Code – Relationship Code nor the CS\_Bene\_Code – Beneficiary Type Code is a direct match for data found on our system. For both of these elements, we may have the data in some cases, but it may not be contained in a consistent location or could be in other stand-alone systems. It should also be noted this data alone would not provide sufficient information to determine if a person is a “qualifying beneficiary” (family member) for an accurate determination of insurance.
  
4. Posting the Insurance Determination Results and Removal of Provisional Holds – Given the description of the sequence of events that would follow the determination of insurance, there is a very high probability that those tasks would not be completed in time to open as usual on the following business day. For example, to meet growing customer expectations for online banking services, most banks now extend the end of day cut off much past the traditional 2 p.m. that was common years ago. Wachovia online banking customers can process transactions for same day posting up to 9 p.m. Deposit systems at large banks include numerous other systems that all depend on each other to successfully process a day’s work. Variation during this process raises the possibility of not having up-to-date balances when opening the next business day.

5. New Deposit Accounts – Insurance Status – The proposal also requests comment on whether coverage instructions should be required to advise the customer of insurance status when new accounts are opened. Explaining the coverage of a specific account goes beyond a reasonable expectation and is a shift of responsibility of determining insurance levels from the FDIC to the bank. Many customers are confused about the coverage details and often think the bank sets the coverage parameters. Being required to serve as the FDIC's surrogate will send mixed signals to the customer and may increase a bank's exposure in the event the bank provides inaccurate information. Many banks utilize the "Your Insured Deposit" customer brochures provided by the FDIC when questions arise. In our experience, the current FDIC brochures, toll free telephone customer service support as well as the excellent information available on the FDIC's web site, all provide the customer a superior alternative to training bank staff to respond to these questions. The increased burden and expense is not warranted given the variety of ways this information is currently available to customers.

In summary, while Wachovia supports the intended purpose of the proposed rules to reduce the time required for the FDIC to react in the event of a bank failure, we are very concerned about the very high cost of developing this reporting system. In some cases, the information that FDIC requests is simply not available. We also are concerned about customer impact caused by the provisional holds, the required communications with customer, as well as the processes and controls that would be needed to implement this process. Finally, we are very concerned about the potential shift in perceived responsibility for determining deposit insurance coverage from the FDIC to the banking community.

Wachovia appreciates this opportunity to comment on this advance notice of proposed rulemaking. If you have any questions, please contact me.

Sincerely,



Eugene M. Katz