



# NCBANKERS

NORTH CAROLINA BANKERS ASSOCIATION

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March 8, 2006

DELIVERED VIA E-MAIL

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

[comments@fdic.gov](mailto:comments@fdic.gov)

Re: Large-Bank Deposit Insurance Determination Modernization Proposal  
70 Fed. Reg. 238, 73652 (December 13, 2005)

Dear Mr. Feldman:

The North Carolina Bankers Association (NCBA) appreciates the opportunity to submit these comments in response to the advance notice of proposed rulemaking entitled *Large-Bank Deposit Insurance Determination Modernization Proposal*. The NCBA membership includes all 146 banks, savings institutions, and trust companies headquartered or doing business in North Carolina. While the notice of proposed rulemaking states that it would only apply to insured institutions with over 250,000 deposit accounts and total domestic deposits of at least \$2 billion, a number of our members meet those criteria and would be directly affected. Based upon feedback received and our own analysis of the proposed rulemaking, we cannot support the proposal.

Under the proposed rulemaking, our nation's largest FDIC-insured institutions would be required to make extensive modifications to their computer systems. Each would be required to have a software routine that would, in the event of the institution's failure, automatically place a hold on a portion of the balances in large deposit accounts as directed by the FDIC. The institutions would need to have the ability to automatically remove the holds and debit accounts. Under one variant of the proposal, a unique identifier would need to be assigned for each depositor and the appropriate insurance category designated for each account. The largest 10 or 20 institutions could also be required to know the insurance status of all their depositors at any given point in time.

The NCBA believes that implementation of the proposal would prove incredibly costly. Affected institutions would incur substantial implementation costs to develop and test the necessary software. Perhaps more importantly, we project that to make the mandated software functional, institutions may have to manually review all their electronic account records, with particular emphasis placed on those acquired through merger activity, making sure that all data fields are made uniform and that any missing information such as insurance category is completed. The amount of staff time necessary to review hundreds of thousands to millions of deposit accounts is impossible to calculate.

Given the extensive and ongoing monitoring that already takes place, we believe that the FDIC will receive early warning of deficiencies that could lead to a large bank failure. If such warning signs occur, the FDIC should have ample opportunity to make necessary preparations. Asking our nation's large, well-capitalized banks to absorb millions of dollars in ongoing software and monitoring costs and to devote massive amounts of staff time for a benefit that is, at best, highly speculative is not the appropriate course of action to pursue.

If you have any questions, then please contact us.

Sincerely,

A handwritten signature in cursive script that reads "Nathan R. Batts".

Nathan R. Batts  
Associate Counsel