

By E-mail

March 13, 2007

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

RE: Advanced notice of proposed rulemaking (“ANPR”): Large-Bank Deposit Insurance Determination Modernization Proposal

Dear Sir:

The following comments are provided on behalf of Comerica Bank, a \$58 billion bank with offices located in Michigan, Texas, California, Arizona, and Florida. As a “large bank” within the meaning of the proposal, Comerica appreciates the opportunity to comment on this important proposal.

OVERALL COMMENTS

The proposal seeks comment on whether and how insured depository institutions should be required to modify their deposit account systems to help the FDIC more quickly identify insured deposits and thus speed depositor access to funds in the event of failure of an institution. The proposal recognizes that, while insured institutions do not presently track the insured status of their depositors, the FDIC must make timely deposit insurance coverage determinations in the event of failure of an institution.

Our overall comment is that depository institutions should not be required to modify their deposit account systems. In the spirit of regulatory reform and relief, we would respectfully suggest another paradigm: that the FDIC consider modifying its deposit insurance coverage to speed depositor access to funds in the event of failure. This would also reduce the “burden” that the FDIC believes it faces when making deposit insurance coverage determinations.

We do not disagree that the present process may result in delays if ever needed for an FDIC-insured institution with a large volume of deposit accounts. However, we question whether the best solution is to require that all large insured institutions modify their deposit account systems to address the extraordinarily limited number of potential failure situations.

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TIERED APPROACH

We do not support the concept of tiers. Development of tiers suggests that there is a perception that there are differences in challenges when different institutions fail. We would respectfully suggest that the challenge on which all parties should be focused is the challenge of providing the customers of a failed institution prompt access to their funds. Neither the failed institution nor the FDIC should be the primary focus.

Customers would appear to have the same challenges if and when an institution fails regardless of the institution's account base or size.

REQUIREMENTS FOR DIFFERENT TIERS/EXPLANATION OF REQUIREMENTS

(a) Unique Depositor ID

To what extent can Covered Institutions uniquely identify depositors using current systems and procedures?

Covered institutions are presently required to identify depositors under provisions of the USA PATRIOT ACT under which we all use taxpayer identification numbers to identify customers. We believe that any additional systems or procedures should complement those provisions and that there may be efficiency in thinking about customer identification holistically.

What would be the best method(s) to use for depositor identification?

We believe that the use of the taxpayer identification number is the best method for depositor identification. It is available to all interested authorized persons, i.e. the customer, the depository institution, the FDIC, and the Internal Revenue Service. Other government agencies appear to find it consistent and usable, and we would respectfully suggest that the FDIC should consider adapting its insurance provisions around its usage.

We recognize that not all depositors may have taxpayer identification numbers, e.g. some foreign depositors. However, of course, the vast majority of depositors will have such numbers, and the only effect that lack of a taxpayer identification number would have under the system we propose is that depositors lacking such numbers would not have as prompt access to their deposited funds as would other customers with taxpayer identification numbers.

Should the FDIC specify the format to be used for depositor identification, or should this be left to the Covered Institution to determine?

We would support the FDIC specifying the format to be used for the depositor identification if that format corresponds to the taxpayer identification number.

How expensive would it be for Covered Institutions to supply a unique identifier for each depositor?

The development, maintenance, and use of a unique identifier other than the taxpayer identification number would be extremely expensive because of its extremely limited utility. To suggest otherwise fails to acknowledge the regulatory burden placed on all large covered institutions to accommodate those extremely limited number of situations in which a failure could reasonably be anticipated.

Is this something that Covered Institutions are considering for internal business purposes?

Yes, the usage of the taxpayer identification number.

If not, how do Covered Institutions determine common ownership for relationship management, cross-selling, risk management or other purposes?

Ascertaining taxpayer identification numbers is one of the first steps in any common ownership analysis.

How long would it take to implement a unique depositor identification process?

The taxpayer identification number identifier exists today.

How reliable would the data be in identifying each depositor?

Our comfort level with data reliability increases when the data is used for more than one purpose. We strongly suggest that any issues with the taxpayer identification number identifying each depositor can and should be easily resolved by the FDIC working with the Internal Revenue Service.

We appreciate the desire of the FDIC to adapt a process to the present insurance matrix. However, we question the need for additional regulatory burden on all covered institutions for a situation that will never affect all of the covered institutions and may never affect any of them. The solution rests with adapting the

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insurance to the customer in a manner that allows the customer to manage the risk of failure that the customer perceives and the ability to provide meaningful data to the FDIC so it may accomplish its mission when a failure occurs. We are concerned that the party whom we should all be concerned about is not being addressed, the depository customer.

(b) Provisional Holds Against Deposit Accounts

This is an area where the taxpayer identification is easily used. Any funds over a set amount of dollars for a given taxpayer identification number may go into a provisional hold status. Any deposit accounts that would need “special” handling such as retirement accounts could be put into the provisional hold status due to their unique non-demand account nature. Again, this would be easily understandable by the depository customer.

(c) The Generation of a Standard Data Structure Reconciled to the Supporting Subsidiary Systems

One of the fundamental objectives of the proposal is the development of a standard data framework that does not place an onerous burden on Covered Institutions, while ensuring that the FDIC is provided with an optimum set of data structures within that framework that enable the establishment of a timely and accurate insurance determination process.

The proposed data framework is only focused on failure situations, a situation that will not occur routinely, if at all. The fact that it is so complex that an algorithm is necessary suggests that it does not accomplish the goal of not placing an onerous burden on Covered Institutions.

We respectfully urge the FDIC to consider a framework that allows the use of the existing taxpayer identification number system used by all Covered Institutions. This may require some streamlining of insurance coverage provisions. Any such streamlining should be focused on the deposit customer not the FDIC or covered institution.

(d) Posting the Insurance Determination Results and Removal of Provisional Holds

Use of the taxpayer identification number would be one of the quickest methods of posting insurance determination results and removal of provisional holds.

IMPLEMENTATION AND TESTING REQUIREMENTS

By using taxpayer identification numbers, implementation and testing requirements are streamlined. This would allow a method to test on a periodic basis for all covered institutions.

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CONCLUSION

The proposal appears flawed because it does not clearly recognize that there are three stakeholders in a failure: (1) the FDIC, (2) the covered institution and (3) the depository customer.

The proposal does not maximize social benefit while minimizing social costs. The proposal does appear to contemplate a method for the FDIC to address a failure. We, as a stakeholder, would not be serving our depository customers or shareholders if we did not point out that a more efficient method exists. We urge that a proposal be drafted that uses a clear and ubiquitous form of deposit customer identification, the taxpayer identification number.

Thank you for the opportunity to express our views on this important subject.

Sincerely,

Julius L Loeser

Carl Edwin Spradlin Jr.