



April 14, 2008

WACHOVIA

VIA E-MAIL:comments@FDIC.gov

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

RE: RIN 3064-AC98

Comments of Wachovia Corporation on the Federal Deposit Insurance
Corporation's 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, Wachovia Mortgage, FSB and Wachovia Bank, FSB (collectively referred to as "Wachovia"). In this letter, Wachovia provides its comments to the Federal Deposit Insurance Corporation ("FDIC") on its Notice of Proposed Rulemaking published in the Federal Register on January 14, 2008 ("2008 NPR") regarding the FDIC's Large-Bank Deposit Insurance Determination Modernization Proposal.

By letters of March 10, 2006 ("2006 Letter") and March 13, 2007 ("2007 Letter") Wachovia provided comments on the FDIC's December 2005 and December 2006 Advanced Notices of Proposed Rulemaking on this subject. As Wachovia noted in both the 2006 Letter and the 2007 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, and appreciates the accommodations that have been made in the 2008 NPR, we respectfully submit that the proposed solutions contained in the 2008 NPR do not adequately address the serious issues we identified in our 2006 and 2007 Letters, and continue to create potentially significant expenses for large banks such as Wachovia. We have participated with the American Bankers Association ("ABA") and The Clearing

House Association (“TCH”) in the preparation of their comment letters on the 2008 NPR, which address these same issues of concern, and we support the positions taken by the ABA and TCH in their letters.

As we explained in our 2006 and 2007 Letters, 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 comply with the requirements proposed in the 2008 NPR, all of these systems would have to be modified, tested and coordinated. Given the scope and complexity of these proposed requirements, we request that at least 36 months be permitted for implementation of the changes.

Although we acknowledge that the requirements contained in the 2008 NPR are an improvement over what had been proposed in the 2005 and 2006 ANPR’s, the proposed requirements continue to be very costly and burdensome. In this regard, we refer to and agree with the information contained in the comment letters submitted by TCH and the ABA indicating that the implementation of these changes for each affected bank will require thousands of hours of labor and will cost in the millions of dollars. For this reason, and especially when viewed against the very small probability that any of the large banks at which this proposal is addressed ever will be a subject of FDIC resolution, we again respectfully request that the FDIC consider adopting an exemption from these requirements for banks that meet appropriate capital and safety and soundness criteria.

Wachovia specifically shares the concerns expressed by TCH and other commenters relating to the FDIC’s extensive proposals relating to the treatment of sweep products. We join in the strong recommendation made by those commenters that all proposals relating to sweeps be removed from the 2008 NPR and dealt with in a separate rulemaking process. As TCH correctly points out, that process should include consultation with other banking and securities regulators, as well as the financial institutions that are key providers of these products, before finalizing any rules relating to sweep transactions.

In addition to the general comments made above, Wachovia has the following comments addressing several specific, technical requirements and the manner in which they could impact our systems:

- The Deposit File Structure contained in Appendix A contains a description of 53 fields to be included for each account. Several of these fields present major concerns. The first is Field 14 - DP_Ownership_Ind. While our systems do provide this level of detail in most cases, we do not have the capability to differentiate a Revocable Trust from an Irrevocable Trust

using our automated system. In addition, Field 52 - DP_Product_Class_Code contains a list of 53 types of product classifications. Most deposit systems (including ours) do not carry that level of detail for all product classes. The variety of Trust accounts presents the biggest challenge. 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. Details of this type are typically found on account opening documents and not on automated systems.

- The Customer File Structure in Appendix D contains a requirement to provide a unique customer identifier (Field 1). It should be recognized that while most automated systems would have this capability, as the size of the institution increases, the complexity and number of automated systems also increases. Many large institutions would not have the ability to create a single customer identifier that would pull in all of the large number of deposit products offered.
- We also have concerns with the data required by the Deposit-Customer Join File Structure in Appendix E. While most of the data requested would be available on automated systems, two elements are not common and availability would be questionable. Neither the CS-Rel-Code - Relationship Code (Field 7) nor the CS-Bene-Code - Beneficiary Type Code (Field 8) 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. Also, Wachovia (and most other large banks) has integrated many customers through bank mergers over the past 20 years. Every attempt is made to map and convert accurate customer data during the merger process; however, data elements vary greatly among institutions, and the accuracy and availability of the information required to populate this field may not be entirely consistent.
- The proposal does indicate that if any of the required data elements are not available, banks should supply a “null” value. As discussed above, there will be data elements that Wachovia will not be able to provide in an automated fashion. To the extent that unavailable data may impact the ability for the FDIC to accurately determine insurance status in a fully automated fashion, we do question the cost/benefit of requiring such a large allocation of resources and time for the development and ongoing testing of a system that would not provide the results sought by the FDIC.

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 substantial cost Wachovia will incur to develop this reporting system. This concern is compounded by the fact that the proposed system requests some information that is not available and therefore may not provide the results for which it is intended. We also believe that the 2008 NPR continues to underestimate 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 troubled by the potential shift in perceived responsibility for determining deposit insurance coverage from the FDIC to the banking community. Finally, Wachovia strongly urges the FDIC to address the issue of deposit sweeps in a separate, comprehensive rulemaking.

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

Sincerely,

Eugene M. Katz