November 21, 2011

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

Via Email and Hand Delivery Mail

Re: Interim Final Rule: Resolution Plans Required for Insured Depository Institutions with $50 Billion or More in Total Assets (FDIC RIN 3064-AD59)

Dear Sir:

The undersigned regional banking organizations appreciate the opportunity to comment on the Federal Deposit Insurance Corporation's interim final rule ("IDI Rule") regarding resolution plans by insured depository institutions with $50 billion or more in total assets ("CIDIs").[1] The resolution plans required by the IDI Rule would supplement the resolution plans required to be filed by bank holding companies with $50 billion or more in total assets under the joint rule (the "Joint Section 165(d) Rule") adopted by the Federal Deposit Insurance Corporation ("FDIC") and the Federal Reserve Board pursuant to Section 165(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act").

We support the goals of the IDI Rule, which are to assist the FDIC in preparing for and, if necessary, conducting an orderly resolution of a large insured depository institution ("IDI") under the Federal Deposit Insurance Act ("FDI Act") in a manner that ensures that depositors have continued access to their deposits, maximizes the net present value obtained through the sale or other disposition of a failed institution's assets, and minimizes the losses borne by the institution's creditors (including the FDIC's Bank Insurance Fund).[2] Ensuring continued depositor access to their funds and minimizing losses to the Bank Insurance Fund and other creditors when an IDI fails helps maintain confidence in the banking industry and the stability of the overall financial system.

[1] 76 Federal Register 58379 (Sept. 21, 2011).
[2] See IDI Rule at § 360.10(a).

The $50 billion asset threshold embodied in section 165(d) of the Dodd-Frank Act and incorporated into the IDI Rule encompasses a wide range of banking organizations, from large, complex, highly interconnected organizations that have substantial nonbank and foreign operations to smaller, less complex organizations that are predominantly composed of one or more IDIs, have limited (if any) foreign operations, and have quantitatively and qualitatively fewer interconnections with other financial institutions and markets. Moreover, the FDIC has a long history of successfully resolving insured depository institutions ("IDIs"), including large IDIs, that have limited nonbank operations. For example, in September 2008, during the midst of the financial crisis, the FDIC was able to successfully resolve and sell Washington Mutual Bank and its subsidiary, Washington Mutual FSB--a large banking organization (combined assets of $307 billion) with limited nonbanking operations--under the FDI Act without creating the types of systemic spillovers that resulted from the failure and resolution of Lehman Brothers Holdings Inc.

For these reasons, we appreciate the steps taken by the FDIC in the IDI Rule, and the FDIC and the Federal Reserve Board in the Joint Section 165(d) Rule, to recognize the differences between smaller, less complex domestic BHCs that are predominantly composed of one or more IDIs and other banking organizations subject to such rules. In particular, we strongly support the provisions of the IDI Rule that, like the Joint Section 165(d) Rule, establish a staggered schedule for covered organizations to initially file their resolution plans that is based on the aggregate amount of the organization's nonbank assets.[3] In addition, we support the FDIC's recognition that the resolution plan process, particularly in connection with a firm's initial submissions, should be an iterative exercise, with a focus on dialogue between the FDIC and the submitting firm and the development of robust plans over time.[4] We believe the rule's staggered submission schedule combined with this type of iterative approach provides an appropriate transition to the rule's requirements for smaller, less complex firms, while still fulfilling the objectives of the rule. The rule's staggered submission schedule and coordination of submission dates with the Joint Section 165(d) Rule also will allow banking organizations to take an integrated approach to resolution planning, while permitting the agencies to focus their resources initially on those organizations that, in light of the size of their nonbanking assets and related complexity, may pose more significant resolution challenges.

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[3] Under the IDI Rule, a CIDI controlled by a domestic parent company must file its initial resolution plan with the FDIC on: (i) July 1, 2012, if its parent company had $250 billion or more in total nonbank assets as of the effective date of the rule (January 1, 2012); (ii) July 1, 2013, if its parent company had $100 billion or more, but less than $250 billion, in total nonbank assets as of the effective date of the rule; and (iii) December 31, 2013, if its parent company had less than $100 billion in total nonbank assets as of the effective date of the rule. See IDI Rule at § 360.10(c)(1). We note that, due to the different effective dates of the IDI Rule and the Joint Section 165(d) Rule, there is a difference between the date for measuring the nonbank assets of a firm under the two rules. We respectfully request that these dates, like the filing schedules themselves, be coordinated.

[4] See 76 Federal Register at 58,383.

In addition, we strongly support the FDIC's statement that, in reviewing resolution plans, the FDIC "will take into account variances among institutions in their core business lines, critical operations, foreign operations, capital structure, risk, complexity, financial activities (including the financial activities of their subsidiaries), size and other relevant factors."[5] We believe it is critically important that the FDIC, in reviewing the information submitted as part of a resolution plan, including potential resolution strategies, and the credibility of a plan, take into account the factors mentioned above as well as the size of the institution's nonbanking operations. As noted above, the FDIC has substantial experience with the resolution of banking organizations that are largely composed of one or more IDIs and that have limited (if any) foreign operations. In addition, the resolution of an IDI also is subject to well-established protocols and procedures that facilitate advance planning for a resolution and an orderly resolution process. We believe that it will be important for the FDIC to take into account these factors when reviewing the resolution plans submitted by CIDIs that are part of smaller and less complex BHCs.

We also appreciate the FDIC's recognition that the resolution strategies for a CIDI may include (i) a cash payment of insured deposits; (ii) a purchase and assumption transaction with an insured depository institution to assume insured deposits; (iii) a purchase and assumption transaction with an insured depository institution to assume all deposits; (iv) a purchase and assumption transaction with multiple insured depository institutions in which branches are broken up and sold separately to maximize franchise value; and (v) transfer of insured deposits to a bridge institution chartered to assume such deposits as an interim step prior to the purchase of the deposit franchise and assumption of such deposits by one or more insured depository institutions.[6] Each of these methods has proved to be effective--even in periods of economic and financial stress--in ensuring that insured depositors continue to have access to their funds and for maximizing the net present value return from the disposition of a failed IDI. The ability to establish a bridge institution to stabilize the core business lines and critical operations of a failing institution until a final sale or other resolution can be accomplished is a particularly valuable tool under the FDI Act for preserving value and ensuring the protection of insured depositors.

Given the importance of the latter two matters—the need to take into account the differences among organizations in reviewing plans and the range of resolution strategies that may be considered in developing resolution plans—we respectfully request that these matters be incorporated into the text of the rule. We note, in this regard, that the Joint Section 165(d) Rule expressly provides less complex BHCs the ability to submit a streamlined resolution plan that is better tailored to the nature and risk profile of such BHCs.[7]

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[5] 76 Federal Register at 58,386.

[6] 76 Federal Register at 58,384.

[7] See 12 C.F.R. § 381.3(a)(3) (allowing a domestic BHC to file a tailored resolution plan if (i) the company has less than $100 billion in total nonbank assets, and (ii) the company's total IDI assets comprise 85 percent or more of the company's total consolidated assets).

Each of the undersigned companies also has participated in the development of the joint comment letter submitted by The Clearing House Association, the Securities Industry and Financial Markets Association, the Financial Services Roundtable, and the American Bankers Association. We support the recommendations in that joint comment letter including, among others, the recommendations to align the timing of material event notifications under the IDI Rule with the timing of such notices under the Joint Section 165 Rule, to establish materiality thresholds for certain informational elements of a resolution plan, and to align the stress testing provisions of the IDI Rule with those of the Joint Section 165 Rule. The recommendations contained in this letter are intended to supplement the comments submitted by those trade associations.

Thank you for the opportunity to comment on the IDI Rule. If you have any questions regarding this letter, please do not hesitate to contact the appropriate representative listed in the attachment.

Sincerely,

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SunTrust Banks, Inc.
BB&T Corporation
Regions Financial Corporation
Fifth Third Bancorp
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