**Ryan McInerney**
Chief Executive Officer
Consumer Bank

Via E-mail: comments@fdic.gov

April 12, 2011

Robert E. Feldman, Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

Attention: Comments

Re: Proposed Regulation RIN#: 3064-AD37 (the "Proposal")

Dear Mr. Feldman:

The Board of Directors of the Federal Deposit Insurance Corporation (the "FDIC") has requested comments on its proposed regulation that would: (1) require certain employees of insured depository institutions ("IDIs") to complete training on the fundamentals of FDIC deposit insurance coverage; (2) require IDI employees to provide a customer with the FDIC's publication, *Deposit Insurance Summary,* if, upon opening a new deposit account, the customer will have aggregate deposits with the IDI exceeding $250,000; and (3) require the IDI to provide a link on its website to the FDIC's Electronic Deposit Insurance Estimator ("EDIE"). JPMorgan Chase & Co., on behalf of itself and its affiliates, including JPMorgan Chase Bank, N.A., appreciates the opportunity to submit this response.

JPMorgan Chase & Co. (NYSE: JPM) ("Chase") is a leading global financial services firm with assets of $2.1 trillion and operations in more than 60 countries. The firm is a leader in investment banking, financial services for consumers, small businesses and commercial banking, merchant acquiring, financial transaction processing, asset management and private equity. A component of the Dow Jones Industrial Average, Chase serves millions of consumers in the United States and many of the world's most prominent corporate, institutional and government clients under its J.P. Morgan and Chase brands. Information about Chase is available at www.jpmorganchase.com.

**A. <u>Introduction</u>**

Chase recognizes the importance of IDI customers understanding how their FDIC deposit insurance works and commends the FDIC for pursuing this objective. However, Chase believes many elements of the Proposal are unduly burdensome and, ultimately, would not be effective. In this letter, Chase explains why we believe:

1. the employee training requirement would not be effective;
2. requiring IDI employees to ask customers opening a new account if their aggregate balance exceeds $250,000 would be problematic; and
3. providing customers with the *Deposit Insurance Summary* and a link on IDI websites to the FDIC's EDIE would be the most effective ways to accurately inform customers about FDIC insurance.

Accordingly, Chase respectfully requests that the FDIC reconsider and revise most aspects of the Proposal before issuing a final regulation.

**B. <u>Employee Training</u>**

<u>Mandatory Training Would Impose An Unreasonable Burden</u>

Chase opposes the proposed mandatory IDI employee training. The FDIC asked whether the proposed rule strikes the right balance between meeting depositors' needs for accurate deposit insurance information and the potential cost to and regulatory burden on IDIs. We believe the proposed rule does <u>not</u> strike the right balance for the reasons described below:

- In our experience customers do not ask many questions about FDIC insurance relative to the many other topics customers do ask about and, therefore, as to which bankers must be trained. Consequently, any value the deposit insurance training might provide does not justify the significant burden imposed upon IDIs.

- As the FDIC knows well, deposit insurance can be a very complex and confusing topic and, as noted above, it is not one most IDI employees have many occasions to discuss with customers. We are concerned that if an IDI employee inadvertently provides incorrect or incomplete information, the IDI could face reputation, legal and/or regulatory compliance risk. Moreover, as further discussed below in Section C, we are extremely concerned that this type of conversation with a customer can result in the IDI unintentionally providing, or being seen as providing, legal, tax and/or estate planning advice that could result in adverse consequences for the customer and/or risks to the IDI. Based on the foregoing, when customers have questions about deposit insurance, we believe it is in the customer's best interest to call the FDIC or go to the EDIE.

- The FDIC asserts that the proposed FDIC training program would take "less than two hours for most employees to complete". Even if true, and even if that was sufficient time to address this complex topic, our experience indicates that, generally, this is too much time for any one specific training session. At Chase, employees are required to complete a robust training program and each individual training module generally is between 30 and 60 minutes. In addition, beyond impairing the training's effectiveness, two hours is an unreasonable time period to remove the employee from his or her daily responsibilities.

- If, however, the FDIC does mandate a training program, an IDI should be permitted to develop its own training module as long as it contains substantially the same core elements as the FDIC's training module. This would enable an IDI to seamlessly integrate this program into its overall employee training program. It is important for all aspects of an employee training program to have a consistent look and approach.

Timing of Training

The Proposal would require current employees to be trained within 60 days of the final rule's effective date. That is much too short a time frame. At Chase, most employee training programs are planned 12 months in advance to: ensure the comprehensive training program is coherent and logically organized; develop new training as appropriate; plan around business needs; and ensure sufficient time to train all covered employees. To implement an FDIC training module within 60 days of the final regulation's effective date would be very disruptive to Chase's internal planning and general business operations, especially considering we would need to train an estimated 30,000 – 35,000 employees. Moreover, assuming the FDIC allows IDIs to develop their own training as discussed above, 60 days would not be enough time for development. The required completion date for any mandated training program for current employees should be at least 180 days after the final regulation's effective date.

The Proposal also would require new employees to be trained within 30 days of beginning employment. This also is not enough time. At Chase, new employees undergo an extensive training program that is completed within 90 days of employment. New employees should have until at least 120 days after commencing employment or 180 days after the final regulation's effective date, whichever is later, to complete any FDIC-required training program. This will help IDIs ensure the training is consistent with and integrated into their existing new employee training programs.

Employees Covered By Training Requirement

The FDIC asked whether the proposed rule's scope is appropriate, and whether the training should extend to all IDI employees who work in an IDI's retail offices, rather than just employees with specific responsibilities. We believe that the scope of the proposed rule is not appropriate, and it should not be expanded, for the following reasons:

- o Although the FDIC presumably intends the Proposal to relate only to IDI customers who are consumers, the Proposal uses the undefined term "customer". Therefore, the Proposal's scope may be too broad and inadvertently cover all IDI customers, including large corporate customers. We urge the FDIC to provide explicitly in any final rule that its scope is limited to consumer customers.

- o Section 330.17 (a) of the Proposal defines employees as those "… with authority to open accounts and/or respond to customer inquiries regarding deposit insurance coverage …" That definition covers an extremely broad range of IDI employees.

  - <u>Account Opening</u>. With respect to opening accounts, many IDI employees may have personal contact with a customer (consumer and non-consumer) and discuss account opening but do not actually open accounts. We urge the FDIC to clarify the definition of the term "bank retail offices" to mean traditional bank branches and that the scope of any training requirement be limited to IDI employees who are authorized to open consumer accounts at an IDI branch location.

  - <u>Respond to Customer Inquiries</u>. This concept is overly broad. The universe of IDI employees who can respond to customer inquiries includes those who work in a branch, supervisors in a branch district or regional office (not a retail office), telephone call centers, as well as more senior levels of IDI management. In addition, there are many IDI employees who respond to inquiries from non-consumer customers, ranging from small business customers to large corporate customers. Any training requirement should be limited to employees located at an IDI branch who respond to consumer customer inquiries.

<u>Employee Tracking</u>

The FDIC asks whether its training module should include a feature that would allow IDIs to confirm their covered employees have completed the training. As discussed above, we urge that employee training not be required and if it is, we strongly recommend that an IDI be permitted to develop its own program. That said, we believe the FDIC's training module should include functionality enabling an IDI to elect to track which employees have completed the training program, which would assist IDIs' implementation of any training requirement.

**C. <u>Asking a Customer if the Aggregate Balances Exceed $250,000</u>**

Regarding the Proposal's requirement that IDIs ask a customer at account opening if the customer's aggregate balances exceed $250,000, the FDIC sought comment on whether the inquiry should apply only to aggregate deposits that exceed the $250,000 insurance limit or also to aggregate deposits that may approach the limit. In addition, the FDIC asked what dollar amount or percentage of the insurance limit should trigger the obligation to provide the customer with the FDIC's *Deposit Insurance Summary*. Chase respectfully opposes any requirement that an IDI employee ask a customer at account opening about the customer's aggregate balances regardless of the trigger amount. Trying to make distinctions among customers opening accounts and consistently asking questions like this would present numerous training and operational challenges, and could cause an unsatisfactory customer experience. However, Chase believes it is reasonable for IDIs to make the FDIC's *Deposit Insurance Summary* available in an IDI's branch offices or, if necessary, be provided to all customers opening a new account. At a minimum, IDIs should have the option not to ask the question or make customer distinctions and instead provide the document to all consumers opening new accounts.

Although the Proposal would not require an IDI to counsel or advise the customer regarding how to maximize insurance coverage, regardless of a customer's aggregate balance, any FDIC insurance-related question posed by the IDI employee is likely to invite questions from the customer about how to organize the accounts. A discussion between the customer and the employee about maximizing FDIC insurance could be misconstrued as the IDI providing legal advice to the customer, which clearly is to be avoided. Moreover, if this discussion causes a customer to change account titling solely to maximize FDIC insurance, such actions could easily run counter to the customer's established estate plan and result in numerous unintended consequences, including increased estate taxes. As previously discussed in Section B above, this scenario can result in the IDI incurring reputation, legal and regulatory compliance risk. In any event, if the FDIC does require IDI employees to have any discussion with customers about FDIC insurance, the FDIC's final rule should provide explicitly that IDIs are not providing legal, tax or other advice and shall have no liability for such, or otherwise provide a safe harbor approach.

**D. <u>IDI Website to Have a Link to the FDIC's EDIE</u>**

Chase supports the Proposal's requirement that an IDI's website have a link to the FDIC's EDIE; we believe this is a reasonable approach for providing helpful information to consumers. As previously discussed, given the inherent complexities of FDIC insurance, the customer's interests would be well served by accessing the best source of correct and complete information for the customer's specific situation: the FDIC's EDIE. This access certainly would add to and compliment the FDIC's *Deposit Insurance Summary* in providing the customer with accurate FDIC insurance information, in both the general and the customer-specific contexts. However, the FDIC also asked whether the FDIC should require IDIs to maintain in their retail office lobbies a dedicated computer terminal containing the EDIE application, which all customers could use on their own or with assistance from IDI employees to generate reports on the customer's deposit insurance coverage. Chase strongly opposes any requirement to maintain dedicated computer terminals containing the EDIE application. Such a mandate would impose significant expense and operational and logistical challenges upon IDIs, unnecessarily increasing further the cost and regulatory burden on IDIs discussed above.

**E. <u>Conclusion</u>**

Chase believes the Proposal's required IDI employee training and customer inquiry components will not achieve the goal of providing improved access to accurate information about FDIC deposit insurance. This goal can be achieved more effectively and with greater efficiency by IDIs providing the FDIC's *Deposit Insurance Summary* to customers opening an account and having a link on the IDI's website to the FDIC's EDIE.

Chase appreciates the opportunity to comment on the Proposal. If you would like to discuss any of our comments in more detail, please contact Lloyd Harris at (212) 552-1785.

Very truly yours,

Ryan M. McInerney
Chief Executive Officer, Consumer Banking