

Federal Deposit Insurance Corporation
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Chris Barnard

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- **12 CFR Part 325, Subpart C**
- **RIN: 3064-AD91**
- **Annual Stress Test**

Dear Sir.

Thank you for giving us the opportunity to comment on your proposed rule with request for public comment: Annual Stress Test.

You are proposing a rule that implements the requirements in Section 165(i) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank) regarding stress tests. This proposed rule would implement section 165(i)(2) by requiring state nonmember banks and state savings associations supervised by the FDIC with total consolidated assets of more than \$10 billion to conduct annual stress tests in accordance with the proposed rule, report the results of such stress tests to the FDIC and the Board of Governors of the Federal Reserve System at such time and in such a form containing the information required by the FDIC, and publish a summary of the results of the required stress tests.

I generally support the proposed steps and timing for the annual stress test. In particular, the immediate effectiveness of the proposed rule provides sufficient time for a covered bank as of the effective date of the rule to conduct its first stress test, as such stress testing will be complementary to already existing internal stress and scenario testing.

Regarding the public disclosure requirements required under proposed § 325.207, I would suggest that the 90 day timeframe is too long. In the absence of significant issues, problems or dialogue required under the supervisory review, I would suggest that a covered bank should be required to publish a summary of results within 30 days of its report to the FDIC.

Finally, the most important aspect of these annual stress tests will be the quality and range of scenarios provided by the FDIC. They should be realistic and robust enough in order to illuminate potential problems and shortcomings in covered banks' structures, planning, risk exposures and risk management and mitigation techniques. As a minimum, the "severely adverse" scenario should be at least as adverse as the worst of the current financial crisis (credit crunch) conditions. I look forward to receiving more details about these scenarios in the near future.

Yours faithfully

C.R.B.

Chris Barnard