



April 30, 2012

Mr. Robert E. Feldman
Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street N.W.
Washington, D.C. 20429

Re: Annual Stress Test (RIN 3064-AD91)

Dear Mr. Feldman:

Better Markets, Inc. ("Better Markets")¹ appreciates the opportunity to comment on matters identified in the above-captioned notice of proposed rulemaking ("Proposed Rule") of the Federal Deposit Insurance Corporation ("FDIC"). Better Markets supports the FDIC's efforts to implement Section 165(i)(2) of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act"). That section of the Dodd-Frank Act requires the FDIC to issue regulations requiring FDIC-insured state nonmember banks and state-chartered savings associations with assets of more than \$10 billion to conduct annual stress tests. However, we have some suggestions that would strengthen the Proposed Rule.

First, the FDIC anticipates being informed by the stress tests conducted by the covered banks, using their individual models. But the FDIC cannot know whether these models produce meaningful information without understanding their statistical properties and running them independently. The FDIC must set standards for the internal validation of these models and test them to see that they are indeed useful and informative. Otherwise, it will base its regulatory judgments in part on information which may or may not be meaningful. The FDIC has the authority and resources to do whatever is required in this regard.

Second, under the Proposed Rule the banks required to conduct stress tests must post the results on the company's web site or in any other forum that is reasonably accessible to the public. Given the potential usefulness of these data, they ought to be published in a standardized format on an easily accessible government website, such as the one already maintained by FFIEC.

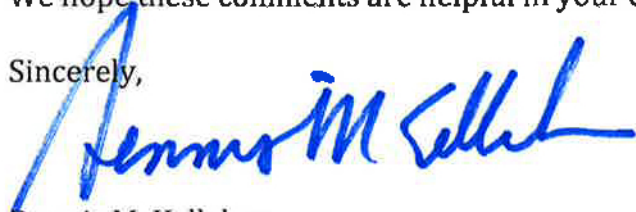
Third, under the Proposed Rule the banks will be required to publish a general list of results of their internal stress tests. For these results to be comparable and meaningful, the

¹ Better Markets is a nonprofit organization that promotes the public interest in the capital and commodity markets, including in particular in the rulemaking process associated with the implementation of the Dodd-Frank Act.

banks should also be required to post a set of standard metrics, developed by the FDIC in the process of validating these models, that measure the forecasting accuracy of the models.

We hope these comments are helpful in your consideration of the Proposed Rule.

Sincerely,



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