

May 26, 2016

comments@FDIC.gov

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

Attention: Comments

RE: Recordkeeping for Timely Deposit Insurance Determination 12 CFR Part 370;
RIN 3064-AE33

Dear Mr. Feldman,

Fintria, a technology solutions provider for financial institutions, appreciates the opportunity to respond to the Notice of Proposed Rulemaking (NPR) issued by the Federal Deposit Insurance Corporation (FDIC) on Recordkeeping for Timely Deposit Insurance Determination.

We agree with the FDIC's position of ensuring depositors have prompt access to their insured funds in the event of a large bank's failure. The FDIC and covered depository institutions share an obligation to uphold the promise of deposit insurance and maintain trust in our financial system.

However, we fully recognize that the implementation of this rule can be difficult. Rather than discussing whether the benefits outweigh the costs, we would like to provide guidance on how to meet the insurance determination and recordkeeping requirements from a technological perspective in a cost-effective manner. Below is our feedback to the specific questions the FDIC proposed in the NPR:

1. *"The FDIC's regulations and resources concerning deposit insurance are available to the public on the FDIC's Web site. These are useful tools that covered institutions can use in their efforts to meet the proposed rule's requirements. Are these resources sufficient for that purpose?"*

Instead of each covered institution interpreting the FDIC's rules and creating disparate systems to calculate insurance, it would be more efficient to develop a single insurance calculation system that can be deployed at each site. This approach avoids the need for each institution to develop and test their own system individually, and eases the burden of auditing for the FDIC. Adopting such an approach will hasten implementation, ensure consistency, and improve accuracy.

- 2. How difficult would it be for covered institutions to maintain current records on beneficial owners of pass-through deposit accounts?*

What would the challenges and costs be for covered institutions to obtain information from agents and custodians regarding each principal's or beneficial owner's interest and to update that information whenever it changes?

How difficult would it be for covered institutions to maintain current records on each beneficiary's ownership interest?

We believe sensitive information about beneficial owners and beneficiaries submitted by agents, custodians, and trustees could be stored in such a way that enables covered institutions to calculate insurance without having access to this information. This addresses the concern of proprietary customer information being used unfairly by a competitor.

Preventing access to this proprietary information could be accomplished by encrypting and storing data within the insurance calculation system installed at each covered institution. The covered institution would not have access to the keys needed to decipher the data; the system would be capable of calculating insurance without exposing the proprietary information to the covered institution.

If physical separation is warranted, the data could be stored with a third party, outside the covered institutions' facilities. This has the additional advantages of eliminating liability for the covered institutions, enhancing automation, and further reducing cost for all parties including agents, custodians, and trustees who transmit their records. Concerns about security at this third party could be mitigated through the use of advanced technologies such as one-way cryptographic hashes, which eliminate the storage of personally identifiable information.

- 3. In what ways could the implementation and maintenance costs be mitigated while still meeting the FDIC's objective of timely deposit insurance determinations?*

The deployment of a single insurance calculation system that stores beneficiary and beneficial owner records reduces costs and offers advantages for all parties involved.

As a group, the covered institutions' costs and time for implementation are reduced by eliminating redundant development and maintenance efforts that would have otherwise been required by each bank. Their liability is reduced by preventing access to sensitive information about beneficial owners and beneficiaries.

The FDIC's cost of auditing would be lowered as well. Once tested and validated, the system would produce reports in an agreed upon format, which would be transmitted securely to the FDIC and reduce the need for on-site audits.



Custodians, agents, and trustees would benefit through a unified mechanism of data transmission by interfacing with a single system to send all required data to each covered institution.

To summarize, there are numerous benefits of a unified insurance calculation and data collection system. Fintria's leadership has given considerable thought to the technical and organizational approach required to solve this problem. We are willing to collaborate with covered institutions, the FDIC, and other entities to develop such a system that will enable us to collectively achieve the result this NPR seeks.

FDIC staff and covered institutions should contact us if they have any questions on our commentary. We can be reached by email at contact@fintria.com.

Respectfully,

Vasu Kalidindi

Vasu Kalidindi
Partner
Fintria