



March 13, 2006

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

Re: Large-Bank Deposit Insurance Determination Modernization Proposal

Mr. Feldman:

This letter is submitted in response to the request for public comment issued by the Federal Deposit Insurance Corporation ("FDIC") regarding the Advance Notice of Proposed Rulemaking ("ANPR") entitled "Large-Bank Deposit Insurance Determination Modernization." We appreciate the opportunity to comment on the ANPR and encourage the Agency to consider our comments in the final deliberations.

We understand the FDIC's desire to improve its deposit insurance determination process and we are supportive of the goals to minimize disruption to depositors and communities, and maximize recoveries for the deposit insurance fund in the event one of the largest insured institutions should fail. However, we believe the targeted institutions, those with at least 250,000 deposit accounts and at least \$2 billion in deposits, defined as "covered institutions," do not pose a greater risk to the insurance fund than those institutions that are below these thresholds and are not covered under this proposal. The proposal states, "historically losses on large insured institutions have been lower as a percent of assets compared to smaller institution failures." We agree and offer further that statistically speaking, larger institutions generally hold more subordinated debt and other general creditor claims to absorb losses compared to smaller institutions. Overall, we are opposed to the additional regulatory and financial burden the three options in the ANPR present to covered institutions. If any of the three proposed options were adopted, we would expect some form of financial relief for all covered institutions.

The three options that are described in the ANPR each present a unique challenge. We will discuss our thoughts on each separately.

Option 1

This option requires a covered institution to have the following in place on an ongoing basis:

- A unique identifier for each owner of each deposit account
- The insurance category for each deposit account
- A data file with more than 50 unique fields of data
- An ability to calculate and place provisional holds on accounts
- An ability to remove provisional holds on a daily basis
- An ability to add and remove FDIC account holds and debit accounts on an as-needed basis

We are opposed to this option. Information regarding the insurance category for a deposit account is not maintained in our deposit application system. In fact, our existing application system and most other deposit application systems do not provide this capability. In many cases, in order to properly and accurately classify deposit accounts into one of the eight primary deposit insurance categories, an institution must reference the actual deposit contract (signature card). Achieving compliance in this endeavor would involve a very expensive and overly burdensome proposition for all covered institutions.

Option 2

This option is similar to Option One, however it excludes the first two provisions to 1) provide a unique owner identifier and 2) to determine the insurance category for each deposit account. We believe this option is the only practical alternative and thus view it much more favorably than Option One. We believe we could comply with these requirements assuming a

reasonable implementation timeframe and explicit definitional guidance is provided.

Option 3

In addition to the required elements of Option One, this option requires a covered institution to have the ability to accurately compute the insurance status of all depositors at any given point in time and have the capability to automate the placement of hard holds and debit uninsured funds as specified by the FDIC.

We are opposed to this option. The proposal states, “A precise deposit insurance determination requires a specialty system to analyze depositor data and apply the insurance rules.” We again believe achieving compliance in this endeavor would involve a very expensive and overly burdensome proposition for all covered institutions. Additionally, we believe this option would transfer the responsibility of determining uninsured deposits away from the FDIC to all covered institutions. We do not agree with this outcome.

The ANPR proposal requests feedback on the cost of implementation and our thoughts regarding any different approaches that would accomplish the objective. We have not initiated any significant analysis on the estimated costs, however we believe the implementation of either Option One or Option Three would initially involve a multi-million dollar investment and a lengthy implementation timeframe as well as significant ongoing operational investment costs. We believe that Option Two, while still requiring an investment by the covered institution, would be less expensive. We reiterate our earlier comment that we would expect some form of financial relief be provided to all covered institutions. This financial relief could be in the form of reduced insurance burden, whether by an increased exemption or through eliminating premiums on the uninsured deposits.

In response to the request for feedback on different approaches, we believe it would be prudent to bring together a consortium of vendors, bankers and the FDIC to discuss the objectives and the complexities of complying with these proposals so that all relevant perspectives and information could be considered and included in a reasonable solution.

We appreciate the opportunity to share our thoughts on these important proposals and your consideration of our views.

Sincerely,

George A. Schaefer, Jr.
President & CEO
Fifth Third Bancorp