FIRST TENNESSEE

All Things Financial.

Charles G Burkett
President
Tennessee & National Banks

March 9, 2006

Mr. Robert E. Feldman
Executive Secretary
Attention: Comments/Legal ESS
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

Re: Large-Bank Deposit Insurance
Determination Modernization Proposal

Dear Mr. Feldman:

First Tennessee Bank National Association ("First Tennessee Bank") appreciates the opportunity to comment to the Federal Deposit Insurance Corporation on its advance notice of proposed rulemaking to modernize the deposit insurance determination process.

As an insured financial institution, we expect the FDIC to carefully consider the substantial industry impact of the proposed new business model for insurance determination that shifts additional recordkeeping requirements to certain large institutions that have over 250,000 deposit accounts and $2 billion in deposits. In the ANPR, the FDIC adopts the position that its current claims process review is not equipped to handle a large bank failure, but recognizes that the same claims process review is sufficient to handle most other bank failures including financial institutions of modest size. At the outset, we question whether the FDIC has proven its case that a need exists for imposing such a substantial regulatory burden on some institutions, but allowing other smaller financial institutions to conduct business as usual. If the FDIC's objective is to modernize its deposit insurance determination process, then any changes implemented should apply equally to all institutions regardless of size.

As for the options outlined in the ANPR, we believe that implementation of any of the options would come at considerable expense to any affected insured financial institutions. One of the common elements with all three options is the ability of the insured financial institution to be able to place provisional holds en mass across its entire deposit account base. First Tennessee Bank, like most other banks, does not have systems in place to accommodate the placement of holds without significant modifications to its current systems.

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Of the three options presented, First Tennessee Bank favors Option 2 as it appears to be less burdensome. We are not in favor of Option 1 or 3 due to the substantial recordkeeping requirements and what we perceive to be minimal benefits derived from the effort. Under Option 1, those Covered institutions must have a system in place to identify the owner of each deposit account through a unique identifier, the ownership category based on the FDIC insurance categories, and certain other deposit data including account name and number, form of ownership, product type, interest rate and balance. While some of this data exists today, it is without question that existing systems would have to be modified or new systems developed to capture all of the required information and to link the information to customer information files. Aside from the development costs to design such a system, each Covered institution would have to devote substantial hours to review existing deposit relationships to supply any missing information or otherwise categorize the account.

With no market driven software product currently available, existing application systems and databases will require major modifications as well as new systems developed internally. Estimates of the requirements of the processes common in all options exceed $1,000,000 in development costs with Option 3 functionality creating the largest financial burden as high as the mid seven figures.

Although First Tennessee Bank would not likely fall within the category of the largest 10 or 20 Covered institutions that would be affected by Option 3, we are not in favor of the FDIC shifting or delegating its regulatory responsibility to make insurance determinations. Traditionally, the authority and responsibility for determining the insurance status of depositors is a power vested solely with the FDIC and we believe it should remain with the FDIC. Nor do we concur with the FDIC's belief that Option 3 will minimize the uncertainty to depositors about their insured status. To the contrary, we foresee that bank personnel will likely spend more time than they currently do explaining FDIC insurance coverage and how varying insurance categories relate to their overall deposit relationship.

If the impetus for the APNR is truly to mitigate against the risk of a Covered institution's failure due to liquidity insolvency, it would seem that the appropriate corrective action, if any, would be to further strengthen the examination process so that the FDIC might be made aware of potential issues at an earlier point in time. By doing so, the FDIC might be able to enhance or further develop its own systems, using more readily available data, and avoid shifting an unnecessary regulatory burden to the insured financial institutions.

Thank you for the opportunity to make these comments.

Sincerely,

Charles Burkett

CB/lm