ZIONS BANCORPORATION

CORPORATE COMPLIANCE
One South Main Street, Suite 500
Salt Lake City, Utah 84111
(801) 524-8991
FAX (801) 524-2277

March 5, 2007

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 Revised Proposal

Dear Mr. Feldman:

Thank you for providing us with the opportunity to comment on the revised Advanced Notice of Proposed Rulemaking (ANPR) related to the FDIC's insurance determination process published in the Federal Register.

Our institution is a $47 billion bank holding company with banking offices located in Arizona, California, Colorado, Idaho, Nevada, New Mexico, Oregon, Texas, Utah, Washington, and Wyoming. Our institution is included the Tier I definition as described in the proposed rules and would be significantly impacted by the implementation of this proposal.

We have reviewed the revised ANPR and continue to oppose implementation due to high costs and regulatory burden. Our reasoning and answers to your questions are listed below:

Improbability of Bank Failure

Quoting an FDIC press release, "No BIF-insured or SAIF-insured institutions failed during 2005—making it the first calendar year in FDIC's history with no failure activity. We are aware of only one failed institution in 2006. The contingent liability for anticipated failures for both deposit insurance funds remains at or near historically low levels given the current and projected health of the banking and thrift industries."[1] In the years 2003 and 2004 there were only three bank failures each[2], none of which were in the well-managed large-bank "Tier I" group that is most affected by this proposal.

Costs to Modify Systems

The proposed system modifications under each of these options are costly. We estimate that it would likely cost our institution millions of dollars to implement and maintain such a program that would only be used in the unlikely event of a bank failure. Multiplying these costs across the institutions targeted by the proposal, and weighing the results against the probability of failure illustrates the extreme burden of this

[1] FDIC PR-25-2006, March 3, 2006
[2] Federal Deposit Insurance Corporation – Annual Report 2005, page 20
[3] Federal Deposit Insurance Corporation – Annual Report 2005, page 10

proposal. As the proposal states, the FDIC is upgrading its systems to improve its ability to process a large number of accounts and provide timely customer support. Current systems used by these large banks should be able to provide enough data to make the initial insurance determination.

Contrary to Regulatory Burden Reduction Initiatives

Regulatory agencies, including the FDIC, have been conducting outreach meetings to discuss regulatory reduction. The FDIC's Annual Report states that "The agencies must also eliminate unnecessary regulations to the extent possible"[3], but banks continue to be faced with new proposed regulations (e.g. upcoming regulations requiring banks to implement policies and processes to identify and block transactions involved with Internet gambling).

Effects on Competition

The undue burden imposed on these large complex institutions to make major system modifications would create a climate of unfair competition between these institutions and smaller institutions that would be less affected by the rule, and are more likely to enter insolvency based on historical patterns. If these rules are implemented, it would have to be effective for all insured institutions to maintain fair competition. The NCUA has not proposed any such rules for its insured credit unions.

Answers to Specific Questions

Unique Depositor ID

- Our institution currently has a unique customer ID number for each customer, but we are concerned about the process that would be required by the FDIC to retrieve and provide that number in this process. There is not a lot of information in the ANPR to describe the process. Even though the number may be available, we suspect there may be considerable development time and expense to format.
- In the event these rules are implemented, the format of the unique identifier should be left to the Covered Financial Institution since there are a variety of different systems in the industry.
- The data in the bank's deposit system includes a relationship code that will distinguish between an owner, custodian/beneficiary, trustee etc. as long as it was input correctly. In the case of trust deposit accounts, trust beneficiaries are not listed in the customer information system. This is true for time deposits also.
- The bank could identify depositors within a single legacy data system.

Provisional Holds

- Developing a system to automatically post multiple hold values across the entire deposit base would be significant. With limited time and information we are not able to provide an estimated dollar figure, but it would be in the hundreds of thousands of dollars.
- Vendor-based software changes would certainly help mitigate this expense, but significant expense would remain to implement the changes.
- Establishing a single threshold and ratio rather than two or three would simplify this process, but would still require a significant IT undertaking.
- IRAs are clearly identified by account type in the bank's deposit system.
- We do not have enough information at this time to determine how long such a

[1] FDIC PR-25-2006, March 3, 2006
[2] Federal Deposit Insurance Corporation – Annual Report 2005, page 20
[3] Federal Deposit Insurance Corporation – Annual Report 2005, page 10

program would take to run. If expected to initiate and run this program overnight, we have concerns that it would complete in time to open the following business day.

Generation of Standard Data Structure Reconciled to Supporting Systems

- While the proposed 18 month window to develop and deploy a standard data structure different than that already existing seems generous, many other critical projects would have to be set a side to complete this. Many of the bank's IT resources are involved with internal system conversions, acquisitions, and other regulatory-required system changes in addition to keeping the current systems running.

Posting the Insurance Determination Results and Removal of Holds

- Developing a system to automatically remove and/or replace provisional holds across the entire deposit base could be done at the same time the process to place the holds was developed, but would increase the complexity of development that is already significant. Vendor-based software changes would certainly help mitigate this expense, but significant expense would remain to implement the changes. Multiple functions such as removing provisional holds, adding replacement holds, debiting accounts, etc. may have to run in separate IT segmented jobs. An overnight processing may not be possible given possible run times of each of these segments.

If in-house testing was made a requirement of this process, this should not be required any more frequently than annually. Results could be reported to the FDIC in a standard format. Our recommendation would be to conduct the regular testing and keep the results in-house. Regulators could request and review the results upon conducting a compliance or safety and soundness exam.

For new deposit accounts, we do not feel the covered institution should have to determine and disclose the insurance status of each new deposit account. The insurance rules are far too complex for front-line employees to understand and explain to a customer, and there are too many conditions in some of the ownership categories to automate the process. In order to do this, the determination rules would have to be significantly simplified.

Again, thank you for providing us with an opportunity to comment on this ANPR. If you have any questions concerning our comments, please contact the undersigned at kelly.etherington@zionsbancorp.com.

Sincerely,

Kelly Etherington
Corporate Operations Compliance Manager

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[1] FDIC PR-25-2006, March 3, 2006
[2] Federal Deposit Insurance Corporation – Annual Report 2005, page 20
[3] Federal Deposit Insurance Corporation – Annual Report 2005, page 10