JPMorganChase

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Legal Department

September 22, 2006

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

Attn: Comments

Re: RIN 3064-AD09: Deposit Insurance Assessments

Dear Mr. Feldman:

JPMorgan Chase & Co. ("JPMC") appreciates the opportunity to comment on the notice of proposed rulemaking respecting risk-based deposit insurance assessments (the "Proposal") issued by the Federal Deposit Insurance Corporation (the "FDIC") on July 24, 2006 (71 Fed. Reg. 41910). JPMC is a member of the Clearing House Association L.L.C. ("The Clearing House"), which has submitted a comment letter on the Proposal, and JPMC wishes to express its full support for the comments made in that letter. JPMC agrees with the Clearing House letter that the Proposal clearly represents a great deal of very thoughtful work on the part of the FDIC to address the concerns of Congress that resulted in the Federal Deposit Insurance Reform Act of 2005. However, JPMC also shares the concerns expressed in the Clearing House letter that the Proposal will not fully achieve its objectives, and will have offsetting negative effects, unless it more fully takes into account the six considerations discussed in the letter, viz..: (i) the actual relationship between risk of loss and level of assessment; (ii) loss given default; (iii) the substantial improvement in the overall condition of the banking industry; (iv) the views of the primary regulator; (v) the adverse impact of unnecessary complexity; and (vi) the potential impact of disclosure of the level of assessment.

To give particular emphasis to one concern, JPMC believes that the conclusions of a bank's primary regulator, reached as the result of extensive examination (conducted, in the case of large banks, by a permanent on-site examination staff) and expressed in the bank's CAMELS rating, should not be unilaterally overridden by the FDIC based on market, financial, "stress" or other vaguely defined factors. Most if not all of the factors listed in this part of the Proposal are taken into consideration during the primary regulator's examination of a bank and will figure, one way or another, in the determination of the bank's CAMELS rating. The Proposal provides little or no guidance as to how the FDIC would use these factors to reach a conclusion that differs from the primary regulator's examination results, nor does it describe any process by which such a

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difference might be reconciled. JPMC joins the Clearing House in recommending that the FDIC should either delete this override feature entirely from the final rule or limit it only to special situations where the FDIC and the primary regulator jointly determine that a difference is appropriate.

Very truly yours,

Gregory S. Meredith