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THE FINANCIAL SERVICES ROUNDTABLE

Impacting Policy. Impacting People.

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STEVE BARTLETT
PRESIDENT AND
CHIEF EXECUTIVE OFFICER

Via Facsimile

October 27, 2006

FDIC
OCT 30 2006
OFFICE OF THE CHAIRMAN

The Honorable Sheila Bair
Director
Federal Deposit Insurance Corp.
550 17th Street, N.W.
Washington, DC 20429

Re: Deposit Insurance Assessments

Dear Director Bair:

As follow-up to our meeting yesterday regarding the FDIC's consideration of assessing deposit insurance premiums, I wish to emphasize a serious concern. To reiterate the point made in our formal submission on the proposed rulemaking, the Roundtable strongly believes that the FDIC should not at this time impose any assessment for the very safest institutions, *e.g.*, institutions with the highest debt and CAMELS ratings. As I stated in our meeting, the current Designated Reserve Ratio (DRR) is well above the 1.15 floor specified in law. Given the relative stability of deposit levels, the lengthy time period allowed by the law to cure even a sub-1.15 DRR, and the insignificant risk that such institutions could present in the modernized regulatory scheme, it is unnecessary to impose any new assessment on the safest, best-performing members of the FDIC system.

Such an assessment, absent the need to restore the fund above the 1.15 statutory minimum, is merely an unwarranted tax that will diminish the earnings of depository institutions and reduce the nation's reliance on insured depository institutions.

Thank you again for the opportunity to meet and discuss this issue with you and your staff. If you have any further questions or would like to discuss this issue further, please contact me at steve@fsround.org or 202-589-2410.

Sincerely,

Steve Bartlett
President and CEO