FDIC
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Division of Insurance and Research

July 3, 2012

TO: The Executive Secretary's Section
FDIC Legal Division

FROM: Matthew Green
Associate Director
Division of Insurance and Research

SUBJECT: Meeting with American Bankers Association (ABA)- Assessments, Large Bank Pricing, 77 Fed. Reg. 18109 (March 27, 2012) (RIN 3064-AD92)

The FDIC published in the Federal Register a Notice of Proposed Rulemaking requesting comment on proposed revisions to some of the definitions used to determine assessment rates for large and highly complex insured depository institutions.

FDIC Deputy Director Diane Ellis requested a meeting with the ABA and some of its representatives to clarify certain aspects of the joint comment letter dated May 29, 2012 and submitted to the FDIC by various industry trade groups (The ABA, The Financial Services Roundtable, The Clearing House, The American Securitization Forum, The Risk Management Association, and The Loan Syndications and Trading Association). The meeting was held at the FDIC's 550 17th Street building in Washington, DC on June 28, 2012. The discussion centered on questions the FDIC had regarding the trade group's comments about how to handle borrowers with no credit score (including student loans and foreign loans) in the *Higher-Risk Consumer Loans and Securities* definition, and various issues related to the *Higher-Risk Commercial and Industrial Loans and Securities* definition such as: the definition of a capital distribution, industry accepted definition of a highly leveraged transaction, requirements for the asset based lending exclusion (valuations of inventory with readily available collateral values, and clarifying the loan to value calculation). In addition, the FDIC sought clarification regarding the trade group's recommendations regarding excluding assets from the higher-risk assets totals if these assets are collateralized by securities issued by the U.S. Government, its agencies, and government sponsored agencies.

During this meeting, the trade group's representatives also reiterated various comments they previously made to the FDIC in their May 29, 2012 comment letter. The representatives stated that they could not obtain the necessary information to identify securitizations as higher-risk per the proposed definitions of higher-risk assets and that charging banks higher deposit insurance assessments for holding such assets would halt the securitization market. The trade group's representatives also asked the FDIC to reconsider the nontraditional mortgage loan definition once the regulatory definition of "Qualified Residential Mortgage" is finalized, to clarify that loans identified as *Higher-Risk Commercial and Industrial Loans* may no longer be classified as higher-risk if the borrower is evaluated at the time of subsequent borrowings and no longer meets the higher-risk criteria, and to reconsider the requirement to obtain audited financial statements on automobile dealers to be eligible for the floor plan lines of credit exclusion.

June 28, 2012 Meeting Participants

Name	**Representing**
Art Murton	FDIC
Diane Ellis	FDIC
Matthew Green	FDIC
Tyler Davis	FDIC
Brenda Bruno	FDIC
Robert Strand	American Bankers Association
Jim Chessen	American Bankers Association
Lynn Baldwin	Bank of America Corporation
Elizabeth Buie	Bank of America Corporation
Susan Chapman	Citigroup Inc.
Jim Gertie	TD Bank NA
Doug Smith	JPMorgan Chase
Ann-Margaret Sumnar	Huntington Bank
Eileen Casson	Citigroup Inc. (via phone)
McHenry Kane	SunTrust Banks, Inc. (via phone)
John Noonan	Valley National Bank (via phone)
Dan Riner	JPMorgan Chase (via phone)