



Federal Deposit Insurance Corporation

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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: Teleconference with TransUnion, LLC - 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 (NPR) requesting comment on proposed revisions to some of the definitions used to determine assessment rates for large and highly complex insured depository institutions.

The FDIC requested a meeting with TransUnion to determine whether TransUnion had any questions or concerns about certain aspects of the proposed definition of *Higher-Risk Consumer Loans and Securities*. The meeting was held via teleconference on July 3, 2012. The discussion during the call centered on the proposed requirements for estimating the two-year probability of default for a consumer loan.

During this meeting, TransUnion raised concerns about defining an “active” loan as a loan that had a positive balance within the 12-months prior to the observation date, since historical data on account balances are often either unavailable or difficult to obtain. TransUnion also noted that the proposed approach could miss active revolving loans where the balance is completely paid off each month. As an alternative, the credit reporting bureau suggested that an active account could be defined as any loan reported by the lender in the 12 months prior to the observation date, or any loan that had a positive balance as of the observation date.

TransUnion inquired as to whether banks would be permitted to use a linear regression to estimate the probability of default, as suggested in a comment letter from one provider of consumer credit scores, rather than the proposed method of linear interpolation. TransUnion also asked whether geographically based PD tables would be permitted or required under the new rule.

July 3, 2012 Teleconference Participants

<u>Name</u>	<u>Representing</u>
Ezra Becker	TransUnion
Matt Komos	TransUnion
Denise Norgle	TransUnion
Sara Drescher	TransUnion
Brenda Bruno	FDIC
Tyler Davis	FDIC
Diane Ellis	FDIC
Chris Bellotto	FDIC