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Proposal: 1425 (RIN 7100-AD77) - Reg Y - Capital Plans

Subject: Capital Plans

Comments:

Date: Jun 17, 2011

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Document ID: R-1425
Document Version: 1
Release Date: 06/10/2011
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At least one bank, Fifth Third Bank, has already abused the extant process for capital plan reviews and asserted that a legal event occured as the result of the Federal Reserve's silence on a proposal contained within their capital plan. This is highly irregular and, at best, questionable. At worst, it is illegal and makes the Federal Reserve complicit. Recently Fifth Third Bank, in a notice to redeem certain trust preferred securities, announced that the Federal Reserve Board did not object to the potential redemption of certain such securities as proposed potential capital actions in the Company's capital plan submitted under the Federal Reserve's Comprehensive Capital Analysis and Review. Does the Federal Reserve understand the full legal implications of what Fifth Third Bank has implied in its press release: "Federal Reserve Board did not object to the potential redemption of certain such securities as proposed potential capital actions"? Fifth Third Bank's notice appeared in a press release on Wednesday May 18, 2011, 12:24 pm EDT. The securities in question here are the Fifth Third Capital Trust VII 8.875% Trust Preferred Securities with a principal amount of $400,000,000. The Federal Reserve should be aware that the covenants to these securities explicitly state that capital treatment redemption must be triggered by a change in law that can reasonably be expected to negatively affect the status of the securities to qualify as Tier 1 capital. The Basel III requirements for Tier 1 capital would certainly qualify as a capital treatment event for this security. The Basel Committee, however, established a 6 year phased implementation period, starting in January of 2013. It is not a coincidence then that the preferred securities that most banks currently designate as Tier 1 capital, including the Fifth Third Bank securities in question, have Call provisions in 2013. Does the Federal Reserve then agree with Fifth Third Bank that a capital treatment event occurred prior to 2013 for the securities in question? What specific policy, regulation or communication establishes the effective date and time for a capital treatment event that applies to the securities in question? What specific regulatory implementation requirements did the Federal Reserve contemplate when, according to Fifth Third Bank, the Federal Reserve did not object that a capital treatment event occurred? The Fed has been promising to be more transparent. Why then has the Fed been silent on the matter of a regulatory capital treatment event that has legal and investment implications for many bank securities? And, why did the Fed not communicate well in advance to the investment public the following: (a) U.S. banks would be permitted to

transition to the new capital requirements ahead of the Basel schedule, (b) the earliest date when such transition could occur, and (c) that such transition would constitute a capital treatment event with respect to securities that will no longer qualify as Tier 1 capital? I should also like to make you aware that I previously emailed the forgoing as a comment to your regulatory staff at the Federal Reserve; I requested a reply to my questions but received none. In short, your staff stiffed me. I conclude my remarks with this observation: your effort to increase transparency at the Federal Reserve is not working. Please reply at your convenience by email or postal mail.

Sincerely,

E. R. Tekeley