WELLS FARGO

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December 13, 2005

Via e-mail

Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW.
Washington, D.C. 20551
Attention: Financial Statements for Bank Holding Companies – OMB No. 7100-0128
regs.comments@federalreserve.gov

Re: Agency Information Collection Activities: Proposed Collection and Request for Comment – Proposed Revisions to Financial Statements for Bank Holding Companies

Wells Fargo & Company ("Wells Fargo") appreciates the opportunity to comment on the proposed revisions to the Financial Statements for Bank Holding Companies ("FR Y-9C", "FR Y-9LP" and "FR Y-9SP") (the "Proposal") set forth in the notice and request for comment by the Board of Governors of the Federal Reserve System (the "Board"). Wells Fargo is a diverse financial services company with $453 billion in assets, providing banking, insurance, investments, mortgage and consumer finance services. At September 30, 2005, Wells Fargo was the fourth largest bank holding company, based on assets, and filed numerous regulatory reports with the Board, including five FR Y-9C Reports and five FR Y-9LP Reports for bank holding companies within its organization. Wells Fargo's lead bank, Wells Fargo Bank, N.A. is a member of The Clearing House Association, L.L.C., which is also forwarding comments on the Proposal to the Board on behalf of its members.

Financial Statements of Bank Holding Companies

Lower-tier Reporting Requirements

The Board proposes to eliminate the reporting exception requiring top-tier Bank Holding Companies ("BHCs") to submit an FR Y-9C for each lower-tier BHC with total assets of $1 billion or more due to the determination that the information is no longer needed for supervisory and soundness reasons. Wells Fargo supports this proposal and applauds the Board for this substantial reduction in reporting burden. Additionally, we request that the reporting requirement for lower-tier parent-only financial statements filed on Form FR Y-9LP also be modified.

Since we are aware that the Board will still have the need for some information on these lower-tier BHCs, we would propose that lower-tier BHCs be required to file only FR Y-9LP Schedule PI "Parent Company Only Income Statement"; Schedule PC "Parent Company Only Balance Sheet"; and Schedule PC-A "Investments in Subsidiaries and Associated Companies". We believe that this modification would serve to further reduce reporting burden but still provide information to meet the Board's needs for these lower-tier entities. As noted in the proposal, the Board has determined that the detailed information contained in the FR Y-9C Reports is no longer needed for supervisory and soundness reasons. We believe that FR Y-9LP Schedule PI-A "Cash Flow Statement" and Schedule PC-B "Memoranda" are of little supervisory value for the lower-tier BHCs, but create significant burden for the reporting institutions. We would note that our experience has been that regulator questions on lower-tier bank holding company FR Y-9LP Reports are rare.

An alternative approach would be to shift lower-tier BHCs to Form FR Y-11. We urge the Board to further reduce reporting burden by eliminating the cash flow and memoranda reporting requirements for lower-tier BHCs.

We also note that the proposal is not clear as to the requirements to continue to file FR Y-9LP Reports for lower-tier bank holding companies. Written clarification in the final rule and report instructions regarding reporting requirements for the filing of FR Y-9LP Reports for lower-tier BHCs is needed.

Attestation

Under current requirements, the FR Y-9 Reports must be signed by one director of the bank holding company who is a senior official of the bank holding company or the chairman of the board. The attestation indicates that the signer has reviewed the financial statements. The Board has proposed changing the signature requirements to include attestations by each of the CEO and CFO.

We believe that additional signatures add little value to ensuring that the FR Y-9 Reports submitted by bank holding companies are correct and that adequate internal controls are in place over regulatory reports. Bank holding companies such as Wells Fargo, already submit detailed reports regarding controls over financial reporting to comply with regulatory requirements set forth under FDICIA. Further, those financial services organizations that are publicly held are also required to meet the extensive requirements set forth under the Sarbanes-Oxley Act of 2002. In view of the requirements already in place, it seems burdensome and administratively unnecessary to require more signatures when the statutory requirements set forth in FDICIA and under the Sarbanes-Oxley Act of 2002 have been satisfied. If the Board believes that the additional signatures are necessary to provide more assurances over the correctness of the report, Wells Fargo requests that bank holding companies that are part of a consolidated publicly held organization be relieved of this burden. The Board should recognize that organizations with strong corporate governance processes in place are already fulfilling oversight requirements in connection with the filing of regulatory reports.

Other Proposed Revisions Related to Call Report Revisions

The Board has proposed to make revisions to the FR Y-9C to parallel proposed changes to the Call Report. Wells Fargo submitted comments regarding certain proposals to the Call Reports in its letter dated October 21, 2005. The Board has noted in its proposal that comments received by the banking agencies on proposed Call Report revisions that parallel some of the proposed FR Y-9C revisions will also be taken into consideration for this proposal. For the Board's convenience, we have included our comments on these items for which we again emphasize our concerns with these proposals.

Construction, Land Development and Other Land Loans

The Board has proposed to split out separate items for "1-4 family residential construction, land development, and other land loans" from "Other construction, land development and other land loans" on Schedule HC-C, item 1.a; the past due and nonaccrual schedule (Schedule HC-N, item 1.a); the charge-offs and recoveries schedule (HI-B, item 1.a); and commitments to fund loans (Schedule HC-L, item 1.c. (1)). This level of detail is not readily available and would require extensive system programming changes. Sufficient lead time would be required to implement the programming changes needed to provide this data. The costs associated with providing this data would be fully attributed to regulatory burden as present SEC disclosure requirements related to loans outstanding, past due and nonaccrual loans and charge-offs and recoveries and commitments are not made at this level of detail.

Loans Secured By Nonfarm Nonresidential Properties

The Board has proposed to split out separate items for loans "Secured by nonfarm nonresidential properties" into separate categories for owner-occupied and other nonfarm nonresidential properties on Schedule HC-C, item 1.e; the past due and nonaccrual schedule (Schedule HC-N, item 1.e); and the charge-offs and recoveries schedule (HI-B, item 1.e) because these two types of loans present different risk profiles. If the Board believes that it is necessary to identify the concentrations of these loans, we would recommend a more practical alternative would involve that the information be collected in a memorandum item on Schedule HC-C rather than in the breakout of the loans. We also suggest that only the loan balances of the owner-occupied properties be collected and that no information be collected for nonaccruals, past dues and charge-offs/recoveries. If the concentration of these loans is high at an institution, the Board could collect further information when they conduct examinations rather than require all bank holding companies to provide this information each quarter.

It is not current practice for most bank holding companies, including Wells Fargo, to use the owner-occupied designation in reporting. Coding changes to obtain this information would require a minimum lead time of six months from the date the final reporting revisions are published. It will be especially difficult to separate cash recovery amounts into these categories since at the time of the charge-off (2005 and prior years), the loans were not "flagged" according to these categories.

Effective Date

If the Board determines to proceed with the proposed revisions to the FR Y-9C Reports, Wells Fargo urges the Board to delay the implementation date of the proposal for Construction, land development, and other land loans; the proposal for Non-farm, nonresidential loans; and the proposal for adding the new Schedule HC-P for the collection of closed-end 1-4 family residential mortgage banking activities until March 31, 2007. Certain of the proposed data collections such as charge-offs and recoveries would be required to be reported on a year-to-date basis. As noted, these proposals will result in significant programming changes which require sufficient lead time following finalization of the Proposal. With the comment period ending January 3, 2006, it is impossible for bank holding companies to have programming completed and processes in place to capture the data needed for reporting of all of these items in 2006.

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We appreciate the opportunity to comment on the issues contained in the Board's proposal. If you have any questions, please contact me at (415) 222-3119.

Sincerely,

/s/ Richard D. Levy

Richard D. Levy
Senior Vice President & Controller

CC: Ms. Donna Fisher, American Bankers Association
Ms. Gail Haas, The Clearing House Association, L.L.C.