

Sovereign®



Jorge Moran  
Chief Executive Officer  
President

Boston, June 10, 2011

**Ms. Jennifer J. Johnson**  
*Secretary of the Board*  
*Federal Reserve System*  
20th Street & Constitution Avenue,  
NW Washington, D.C. 20551

**Mr. Robert E. Feldman**  
*Executive Secretary*  
*Federal Deposit Insurance Corporation*  
550 17th Street, NW  
Washington, DC 20429

Dear Sirs,

On behalf of Santander Group, as country head in the US and CEO of Sovereign Bank I would like to congratulate you on your joint notice of proposed rulemaking regarding resolution plans and credit exposure reports.

Santander has been involved in the comments prepared by The Clearing House together with other industry bodies to this notice. Additionally, we would like to share with you some brief comments, about our experience in producing our Group's recovery and resolution plan.

Banco Santander filed a first draft of its living will with the Bank of Spain in February 2010; and, after enhancing those aspects considered necessary following the Bank of Spain's instructions, the final text was filed in April 2010 and presented to our Core College of Supervisors in June. Since then we have been in close contact with our supervisors on this matter and have started working to develop specific recovery and resolution plans for our subsidiaries, with more detail and focus where the local supervisor has required it (as in UK). We are now completing the second (2011) version of our corporate living will, which includes relevant improvements from the first one, and are planning for next year an additionally enhanced text.

Based on our experience, such recovery and resolution plans are by themselves an important exercise. They demand that financial institutions analyse the robustness of their business model and corporate structure. Most importantly, recovery and resolution plans can set a framework for management and strategic decisions which should favour, and not hinder, resolvability.

There are some lessons we would like to share from this experience. The first one is the need for these plans to become a strategic priority of each financial institution, requiring senior management leadership and engagement. A specific concern for us is also the need for coordination and consistency among the specific recovery and resolution plans for our subsidiaries and the group-wide living will. In this regard, we understand the leading role of the consolidated supervisor is key. Finally, we have also learnt that the preparation of the living will provides the opportunity of identifying specific issues related to systemic risk and resolvability, which can be managed through appropriate management measures.

We at Banco Santander very much support the FSB's decision to request financial institutions to develop these plans and the steps taken by local authorities to this end. We maintain our willingness to share our experience in this challenging task.

Yours sincerely,

A handwritten signature in black ink, appearing to be "Jorge Moran", written over a horizontal line.

75 State Street, Boston, MA 02109

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