



Mark R. Thresher
President and Chief Operating Officer
Nationwide Financial

VIA ELECTRONIC SUBMISSION

June 4, 2007

Mr. John Bowman
Deputy Director & Chief Counsel
Chief Counsel's Office
Office of Thrift Supervision
United States Department of the Treasury
1700 G Street, NW.,
Washington, DC 20552

Docket: OTS-2007-0009

Dear Chief Counsel Bowman:

Nationwide Financial Services Inc. (NYSE: NFS) is pleased to comment upon the proposed rule implementing changes to the savings and loan holding company rating system. NFS directly owns Nationwide Bank a federal savings bank, and together with its own direct and indirect parents, Nationwide Mutual Insurance Company, Nationwide Mutual Fire Insurance Company and Nationwide Corporation ("Nationwide") constitutes a unitary savings and loan holding company. Nationwide is one of the largest insurance and financial services companies in the world with more than \$157 billion in statutory assets.

Nationwide supports the proposed rule-making as a means to enhance risk-focused supervision of holding companies. A risk-based focus is a sound means to measure and ensure the effectiveness of controls and processes for diverse financial services organizations. The change to a five point rating scale similar to the Uniform Financial Institution Ratings System and the OTS CAMELS rating system facilitates a risk-based approach. It also makes sense to change the Relationship component in CORE to a new Risk Management Component.

Section 10(b)(4) of the Home Owners' Loan Act of 1933 ("HOLA") authorizes the OTS Director to conduct examinations of savings and loan holding companies and their subsidiaries. Section 10(b)(4) of HOLA goes on to provide that "[t]he Director shall, to the extent deemed feasible, use for the purposes of this subsection reports filed with or



Mr. John Bowman
Deputy Director & Chief Counsel
Office of Thrift Supervision
June 4, 2007
Page 2

examinations made by other Federal agencies or the appropriate State supervisory authority.”

Nationwide is hopeful that OTS, in carrying out this HOLA mandate, and consistent with the spirit of the principle of functional regulation as expressed in the Gramm-Leach-Bliley Act of 1999 (“GLBA”), continues to adhere to relying upon and thereby, giving due deference to, the supervisory and examination reports of the primary regulator of the holding company (*i.e.* the state insurance department for an insurance carrier). Such an approach avoids a costly, time consuming and duplicative supervisory process while at the same time, draws on the expertise of a functional regulator. And such an approach is consistent with the approach taken by the Board of Governors of the Federal Reserve System with respect to bank and financial holding companies under GLBA to rely upon functional regulators as much as possible and to focus only on those risks that could affect depository subsidiaries.

Accordingly, Nationwide supports the proposed rule within the framework of an OTS risk based focus on those holding company risks that could impact the subsidiary insured depository institution while relying upon state insurance authorities as much as possible who supervise and examine the insurance companies constituting the savings and loan holding company.

Thanks very much for your consideration.

Very truly yours,

NATIONWIDE FINANCIAL SERVICES, INC.

A handwritten signature in black ink, appearing to read "Mark R. Thresher".

Mark R. Thresher
President and Chief Operating Officer

cc: Anne L. Arvia—President and Chief Executive Officer—Nationwide Bank