

MEMORANDUM

TO: Public File

FROM: Michael D. Solomon, Director, Capital Policy

DATE: March 26, 2007

RE: Basel II NPR
Meeting Summary-Wachovia

On March 19, 2007, the following individuals representing Wachovia Corporation and the Office of Thrift Supervision participated in a meeting at the office of the OTS:

Wachovia

Tom Wurtz
Russell Playford
Greg Norwood

OTS

John Reich
Scott Polakoff
Grovetta Gardineer
Fred Phillips-Patrick
Michael Solomon

Summary of Discussion

The purpose of the meeting was for the Wachovia representatives to express their views about a pending Notice of Proposed Rulemaking from the four federal banking agencies (Agencies). This NPR would implement a framework for international capital convergence, commonly known as Basel II, through a new risk-based capital regulatory framework in the United States. Wachovia representatives indicated that all of the topics discussed would be reflected in their forthcoming comment letter. At the meeting, the following topics were discussed:

- the Advanced Internal Ratings-Based approach (A-IRB), why it is important and appropriate for large internationally active banks, and why Wachovia remains and the Agencies should remain committed to its goals,

- a standardized approach, akin to that which is available in other jurisdictions, and why the Agencies should take steps to make such an approach available, in addition to A-IRB, in the U.S,
- the need for the Agencies to pay particular attention to competitiveness issues, both internationally and domestically,
- the advantages of principles-based approaches to risk-based capital,
- the continuing progress banking organizations are making in capital management disciplines, the maturity of their own economic capital models, and the improvement of data quality in general, and
- the importance of on-site supervision and the role of Pillar 2 as a prudential safeguard of capital adequacy.