June 12, 2014

Legislative and Regulatory Activities Division
Office of the Comptroller of the Currency
400 7th Street, SW
Suite 3E-218, Mail Stop 9W-11
Washington, DC 20219

Mr. Robert de V. Frierson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

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

Re: Regulatory Capital Rules: Regulatory Capital, Proposed Revisions to the Supplementary Leverage Ratio
OCC Docket ID OCC-2014-0008
Federal Reserve Docket No. R-1487 RIN AE-16
FDIC RIN 3064-AE12

Dear Ladies and Gentlemen:

The Independent Community Bankers of America (ICBA)[1] appreciates the opportunity to comment on the joint proposal to revise the supplementary leverage ratio by modifying both on and off-balance sheet leverage exposures in order to bring consistency with changes made by the Basel Committee on Banking Supervision (BCBS) to the Basel III

[1] The Independent Community Bankers of America® (ICBA), the nation's voice for more than 6,500 community banks of all sizes and charter types, is dedicated exclusively to representing the interests of the community banking industry and its membership through effective advocacy, best-in-class education and high-quality products and services.

ICBA members operate 24,000 locations nationwide, employ 300,000 Americans and hold $1.3 trillion in assets, $1 trillion in deposits and $800 billion in loans to consumers, small businesses and the agricultural community. For more information, visit www.icba.org.

leverage ratio for large and internationally-active financial institutions. By capturing the impact of collateral variation margin, net sold credit protection through derivatives, and the reversal of certain repo-style transaction netting, the agencies are effectively capturing the expanded risks posed by the largest too-big-to-fail (TBTF) financial institutions beyond what is presented in their reported financial statements. This expansion of the capturing of total bank leverage exposure will help to ensure that these institutions maintain adequate regulatory capital levels consistent with the risks they pose to both the domestic and global financial system. By strengthening the denominator of the supplementary leverage ratio, the agencies are taking key positive steps to minimize or eliminate the possibility of a future global financial crisis and associated risks to community banks and taxpayers.

The agencies are proposing to amend the supplementary leverage ratio in response to changes made by BCBS earlier in 2014. Under the proposed rule, the leverage exposure used in the denominator to calculate the supplementary leverage ratio would be expanded to include certain derivative exposures when cash collateral received or paid to a counterparty does not meet certain criteria, the notional amount of certain sold credit protection, the gross value of receivables associated with certain repo transactions, and the reflection of counterparty credit risk in certain repo transactions. Additionally, changes to the total leverage exposure related to cleared intermediary derivative transactions are proposed to avoid the double counting of derivative exposures.

Along with changes to the supplementary leverage ratio denominator inputs, the agencies are proposing additional supplementary leverage ratio disclosures to provide increased market transparency. In the proposed disclosure table, banks would summarize the differences between total reported consolidated assets and total leverage exposure. Banks would also provide more detail on the components of total leverage exposure.

These changes apply only to financial institutions subject to the provisions of the supplementary leverage ratio under the advanced approaches risk-based capital requirements. The agencies have estimated that these proposed changes would result in an approximately 5.5 percent increase in total leverage exposure when compared to the already-adopted provisions of the supplementary leverage ratio. For the eight bank holding companies that are subject to the enhanced supplementary leverage ratio standards, the proposed changes are estimated to increase total leverage exposure by approximately 8.5 percent when compared to the already-adopted provisions of the supplementary leverage ratio.

ICBA's Comments

ICBA has continually supported the agencies' efforts to preserve the integrity of the U.S. financial system by limiting the ability of the nation's largest financial institutions to engage in elevated risk-taking activities without an appropriate capital backstop. The use of enhanced capital metrics like the supplementary leverage ratio for advanced approaches banks and the enhanced supplementary leverage ratio for the top eight

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megabanks has been repeatedly encouraged by ICBA as an effective tool for mandating significant risk mitigation with regard to over leverage.[2]

ICBA applauds the agencies for taking further steps to minimize the risks presented to both the U.S. and global financial system by the nation's largest TBTF megabanks by further strengthening the supplementary leverage ratio. These proposed changes are a very positive step in ensuring that those banks that are engaged in the activities that can bring the most harm to the deposit insurance fund, the taxpayer, and the overall economy will be required to increase their minimum levels of high-quality regulatory capital. In addition to the expanded denominator, ICBA welcomes the proposed supplementary leverage ratio disclosure table and agrees that transparency is of upmost importance when trying to determine an institution's leverage exposure and how it differs from the consolidated assets and liabilities reported in the financial statements. ICBA continues to support further efforts by the agencies to aggressively identify both on and off-balance sheet exposures of the largest financial institutions to ensure that capital levels are commensurate with the risk undertaken.

ICBA appreciates the opportunity to provide comments on this proposal. If you have any questions or would like additional information, please do not hesitate to contact me at (202) 659-8111 or james.kendrick@icba.org.

Sincerely,

/s/

James Kendrick
Vice President, Accounting & Capital Policy

[2] Please see ICBA's letter to the agencies on the enhanced supplementary leverage ratio dated October 21, 2013.