**Innovative Payments Association**
110 Chestnut Ridge Road
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**Submitted via E-Mail at:** (regs.comments@occ.treas.gov, regs.comments@federalreserve.gov, comments@fdic.gov)

Office of the Comptroller of the Currency

Federal Reserve System

Federal Deposit Insurance Corporation

Re: Proposed Rule on PPP Loans Asset Calculation Thresholds

To Whom it May Concern:

This letter is submitted to the Office of the Comptroller of the Currency (the "**OCC**"), the Board of Governors of the Federal Reserve System (the "**Board**"), and the Federal Deposit Insurance Corporation (the "**FDIC**," and, together with the OCC and the Board, the "**Agencies**") on behalf of the Innovative Payments Association ("**IPA**")[1] in response to the Agencies' Interim Final Rule and Request for Public Comment, issued on December 2, 2020 (the "**Proposed Rule**").[2] The Proposed Rule seeks to mitigate temporary transition costs on banking organizations related to the Coronavirus disease 2019 (the "**COVID Event**"). Specifically, the Proposed Rule would allow community banking organizations,[3] with under $10 billion in total assets as of December 31, 2019 to use data as of this same date for purposes of determining the applicability of various regulatory asset thresholds during calendar years 2020 and 2021. For reasons discussed below, the IPA and its members support the Agencies' Proposed Rule and urge them to move forward with a final rule but to extend to the time frame for which banks may use their 2019 assets for calculations through 2022 in light of the likelihood of additional stimulus measures to be passed by Congress.

As noted by the Proposed Rule, the COVID Event and the resulting economic strains imposed by it required an unprecedented response by the U.S. government and the Agencies. One notable aspect of this response were policies that encouraged community banks to work with their customers. One such policy

[1] The IPA is a trade organization that serves as the leading voice of the electronic payments sector, including prepaid products, mobile wallets, and person-to-person (P2P) technology for consumers, businesses and governments at all levels. The IPA's goal is to encourage efficient use of electronic payments, cultivate financial inclusion through educating and empowering consumers, represent the industry before legislative and regulatory bodies, and provide thought leadership. The comments made in this letter do not necessarily represent the position of all members of the IPA.
[2] Office of the Comptroller of the Currency (Docket ID OCC-2020-0044); Federal Reserve System (Docket No. R-1731 and RIN No. 7100-AG01); Federal Deposit Insurance Corporation (RIN 3064-AF67)
[3] For purposes of the Proposed Rule "community banking organizations" include national banks, savings associations, state banks, bank holding companies, savings and loan holding companies, and U.S. branches and agencies of foreign banking organizations.

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was the Small Business Administration's ("**SBA**") Paycheck Protection Program ("**PPP**").[4] Banks played an integral role in working with customers to disburse PPP loans, which in turn provided much needed emergency liquidity to small businesses during the COVID Event. As a result, however, many banks have seen an unexpected and sharp increase in assets, causing significant unplanned growth in their balance sheets, in some cases by more than 25%.

Notably, much of this growth, particularly with respect to PPP participants, is expected to be temporary. However, despite the temporary nature of banks' balance sheet growth from participation in PPP, many PPP related assets will remain on banks' balance sheets for an extended period of time due to the process for the SBA's PPP loan forgiveness. The retention of such assets on banks' balance sheets poses negative consequences for banks as it may inadvertently push them over regulatory thresholds and subject them to additional supervision, reporting, regulations and costs at a time when they need to dedicate their resources to coping with a historic economic downturn. Such a result would thus unfairly punish banks that participated in the program with every expectation that PPP loans would be written off of their balance sheets by the beginning of the third quarter of 2020. For this reason, the IPA and its members support the Agencies' Proposed Rule, which would exclude PPP from the asset threshold calculations of certain designated banks. We urge the Agencies to move forward with a final rule. However, in light of the likelihood for additional stimulus to be passed by Congress, we also urge the Agencies to extend to the time frame for which banks may use their 2019 assets for calculations through 2022.

The IPA appreciates the opportunity to submit feedback on the Proposed Rule. If you have any questions, please do not hesitate to contact me at the number listed below or at: btate@ipa.org.

Sincerely,

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[4] The PPP was created as part of the Coronavirus Aid, Relief, and Economic Security Act (Cares Act). Pub. L. 116-136, 134 Stat. 281.