ICBA
INDEPENDENT COMMUNITY
BANKERS of AMERICA®

June 13, 2013

Robert deV. Frierson, Secretary
Board of Governors of the Federal
Reserve System
20th Street and Constitution Avenue, NW
Washington, D.C. 20551

Re: Supervision and Regulation Assessments for Bank Holding Companies and Savings and Loan Holding Companies with Total Consolidated Assets of $50 Billion or More and Nonbank Financial Companies Supervised by the Federal Reserve (Docket No. R-1457; RIN 7100-AD-95)

Dear Mr. Frierson:

The Independent Community Bankers of America (ICBA)[1] appreciates the opportunity to comment on a proposed rule to implement section 318 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), which directs the Board to collect assessments, fees, or other charges equal to the total expenses the Board estimates are necessary to carry out the supervisory and regulatory responsibilities of the Board for bank and savings and loan holding companies with total consolidated assets of $50 billion or more and nonbank financial companies designated for Board supervision by the Financial Stability Oversight Council or FSOC.

Even though none of ICBA's members would be directly impacted by the proposed assessment, ICBA strongly believes that bank and savings and loan holding companies with total consolidated assets of $50 billion or more (bank SIFIs) and those nonbank financial companies that have been designated by FSOC (nonbank SIFIs) should be subject to enhanced prudential standards and regulation including higher capital requirements, liquidity standards, counterparty exposure limits, concentration limits and contingent resolution plans. Furthermore, the expenses associated with carrying out these responsibilities of the Board should not be borne by the taxpayer or indirectly by the rest of the banking industry. Instead, they should be borne by the bank and nonbank SIFIs.

ICBA fully supports the proposed rule, which would authorize the Board to assess the bank and nonbank SIFIs each year for the applicable estimated expenses of the

[1] The Independent Community Bankers of America®, the nation's voice for more than 7,000 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.

With nearly 5,000 members, representing more than 24,000 locations nationwide and employing more than 300,000 Americans, ICBA members hold more than $1.2 trillion in assets, $1 trillion in deposits, and $750 billion in loans to consumers, small businesses and the agricultural community. For more information, visit ICBA's website at www.icba.org.

Board and the Reserve Banks, as consolidated supervisor of these companies. The assessment basis—the estimated expenses of the Board and the Reserve Banks--would include all necessary or appropriate expenses associated with consolidated regulation and supervision including conducting onsite and offsite exams, providing ongoing supervision, conducting stress tests, assessing resolution plans, writing and interpreting regulations, engaging in enforcement actions, processing consumer complaints, and conducting competitive analyses and financial stability analyses of mergers and acquisitions. It would not include expenses associated with supervising state member banks since those costs are not attributable to the Board's role as consolidated supervisor of the parent company.

ICBA agrees that the best formula for apportioning the "assessment basis" among bank and nonbank SIFIs would be to use the total asset size of each assessed company. Thus, a company with higher total assets would be charged a higher assessment than a company with lower total assets, which generally reflects the greater supervisory and regulatory attention and associated workload and expenses associated with larger companies. The Board estimates that for 2012, there would be approximately 70 assessed companies with aggregate total assets of $20 trillion and that the assessment basis would be about $440 million. Using these figures, a company with total assessable assets of $50 billion would be required to pay an assessment of approximately $1 million and a company with total assessable assets of $1 trillion would be required to pay an assessment of approximately $22 million.

Under the proposal, beginning with the first assessment period of 2012, assessments would be made every year, and the Board would send a notice of assessment to each assessed company no later than July 15 of the year following the assessment period and companies would have until September 30 to pay the assessment. Companies identified as "assessed companies" would have 30 calendar days from July 15 to appeal the Board's determination of the company as an assessed company or the Board's determination of the company's total assessable assets. ICBA agrees not only with the Board's method of determining "assessable assets" but also with its proposed method of collecting the assessments.

ICBA strongly believes that enhanced prudential and supervisory standards for the bank and nonbank SIFIs will not only make the industry safer but will mitigate to some extent the funding advantage that TBTF firms have over community banks. **We agree that that bank and nonbank SIFIs should be assessed for the expenses involved with supervising them and that the proposed rule presents an appropriate way to apportion the Board's and the Reserve Banks' expenses as consolidated supervisor of the SIFIs.**

However, enhanced prudential and supervisory standards may not be enough to end too-big-to-fail. That is why ICBA strongly supports new legislation introduced by Senators

Sherrod Brown (D-Ohio) and David Vitter (R-La.) that would help eliminate the threats posed by too-big-to-fail financial institutions. The Terminating Bailouts for Taxpayer Fairness Act of 2013 (TBTF Act, S. 798) seeks to end federal subsidies and funding advantages for financial firms larger than $500 billion in assets and to end government distortions of the financial markets that foster incentives for risky behavior by Wall Street megabanks and put taxpayers at risk.

If legislation is not enacted that would impose higher capital requirements on the TBTF firms, ICBA hopes that the bank regulators will impose a capital surcharge and higher liquidity requirements on the SIFIs. Enhanced supervision of the SIFIs together with a significant capital surcharge will provide more stability to our financial system and discourage SIFIs from becoming larger and more interconnected. Community banks do not want to see a repeat of the 2008 financial meltdown when our largest banks were bailed out at taxpayer's expense largely because they were undercapitalized, overleveraged and engaging in risky activities that put our entire economic system at risk.

ICBA appreciates the opportunity to comment on the Federal Reserve's proposal to assess the bank and nonbank SIFIs that are subject to enhanced supervision and regulation. If you have any questions or would like additional information, please do not hesitate to contact me at (202) 659-8111 or chris.cole@icba.org.

Sincerely,
/s/ Christopher Cole

Christopher Cole
Senior Vice President and Senior Regulatory Counsel