CENTER FOR CAPITAL MARKETS COMPETITIVENESS

TOM QUAADMAN
VICE PRESIDENT

1615 H STREET, NW
WASHINGTON, DC 20062-2000
(202) 463-5540
tquaadman@uschamber.com

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

Mr. Alfred M. Pollard
General Counsel
Federal Housing Finance Agency
400 7th Street, SW
Washington, DC 20024

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

Ms. Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Legislative & Regulatory Activities Division
Office of the Comptroller of the Currency
400 7th Street, SW
Washington, DC 20219

Regulations Division
Office of the General Counsel
Department of Housing and Urban Development
451 7th Street, SW
Washington, DC 20410

Re: Joint Proposed Rule on Credit Risk Retention OCC RIN 1557-AD40; FRB RIN 7100-AD70; FDIC RIN 3064-AD74; SEC RIN 3235-AK96; FHFA RIN 2590-AA43l HUD RIN 2501-AD53

Dear Mr. deV. Frierson, Mr. Pollard, Mr. Feldman, Ms. Murphy, and To Whom It May Concern:

The U.S. Chamber of Commerce ("Chamber") is the world's largest business federation, representing over three million companies of every size, sector, and region. The Chamber created the Center for Capital Markets Competitiveness ("CCMC") to promote a modern and efficient regulatory structure for capital markets to fully function in the 21st Century economy.

The CCMC previously submitted comments on *Joint Proposed Rule on Credit Risk Retention* ("proposed risk retention rules") as proposed by the Board of Governors of the Federal Reserve ("Federal Reserve"), Federal Deposit Insurance Corporation ("FDIC"), Securities and Exchange Commission ("SEC"), the Office of the Comptroller of the Currency ("OCC"), the Department of Housing and Urban Development ("HUD") and the Federal Housing Finance Agency ("FHFA") (also collectively "the regulators").[1]

Along with our many substantive concerns, the CCMC comments on the proposed risk retention rules expressed concern about the process associated with these proposals. Specifically, we noted that the proposed risk retention rules could have wide ranging economic impacts and that the proposals failed to provide a cost-benefit analysis. Without a cost-benefit analysis, the proposed risk retention rules do not allow commenters to understand the economic impacts of the rules and standards under consideration. These procedural irregularities impaired the ability of commenters to provide the regulators with informed comments on the proposed risk retention rules. We write today to further explain these procedural concerns associated with the absence of a cost-benefit analysis in these proposed rules.

The absence of cost-benefit analysis for the proposed risk retention rules is inconsistent with the obligations of the Federal Reserve, FDIC, and OCC under the Riegle Community Development and Regulatory Improvement Act (Riegle Act, 12 U.S.C. §4802(a)). This law applies to all "Federal banking agencies" defined by cross-reference in Section 4801 of the Riegle Act (12 U.S.C. §1813) to include the OCC, FDIC, and Federal Reserve. The Riegle Act mandates that "[i]n determining the effective date and administrative compliance requirements for new regulations that impose additional reporting, disclosure, or other requirements on insured depository institutions, each Federal banking agency shall consider, consistent with the principles of safety and soundness and the public interest (1) any administrative burdens that such regulations would place on depository institutions, including small depository institutions and customers of depository institutions; and (2) the benefits of such regulations." [2]

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[1] *See* CCMC and coalition comment letters of August 2, 2011, September 26, 2013 and October 28, 2013.
[2] 12 U.S.C. §4802(a) (emphasis added).

The Federal banking agencies covered by the Riegle Act must meet these commitments whether or not they are raised by commenters in the course of a rulemaking because they are statutory requirements for their exercise of rulemaking authority by the relevant agencies that impose "additional reporting, disclosure, or other requirements on insured depository institutions." There can be no question that the proposed risk retention rules impose such additional obligations on insured depository institutions for purposes of the Riegle Act. As an organization representing both depository institutions and their customers, the CCMC has an interest in ensuring that regulators honor their obligations under the Riegle Act. We note that these requirements also apply to many of other regulations associated with implementation of the Dodd-Frank Act by the Federal Reserve and other Federal banking agencies, and not just the proposed rule cited in this letter. To date, however, we have not seen the required cost-benefit analysis for the proposed risk retention rules.

We welcome the opportunity to discuss the cost-benefit analysis obligations of the Federal Reserve and other Federal banking agencies under the Riegle Act in relation to the proposed risk retention rules and other pending and recently completed rulemakings by Federal banking agencies.

Sincerely,

Tom Quaadman