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July 8, 2014

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

Re: Concentration Limits on Large Financial Companies, Docket No. R-1489 and RIN 7100-AE 18

Dear Mr. Frierson:

The Independent Community Bankers of America (ICBA)[1] appreciates the opportunity to comment on the proposal by the Federal Reserve to implement Section 622 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) by establishing a financial sector concentration limit that prevents a financial company from merging or consolidating with, acquiring all or substantially all of the assets of, or otherwise acquiring control of another company if the resulting company's consolidated liabilities would exceed 10 percent of the aggregate consolidated liabilities of all financial companies. A "financial company" would include a company that is a U.S. insured depository institution, a bank holding company, a foreign bank, a savings and loan holding company, and any other company that controls an insured depository institution.

The concentration limit would not limit internal growth by a financial company as long as that growth does not involve an acquisition, and would be in addition to the nationwide deposit cap which generally prohibits acquisitions between banks or holding companies where the resulting company or bank would control more than 10 percent of the total amount of deposits of insured depository institutions in the United States.

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[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.

ICBA's Comments
The continued growth and dominance of a small number of too-big-to-fail banks has created an overly concentrated financial system, unacceptable moral hazard and systemic risk, has thwarted the operation of the free market, and has harmed consumers and business borrowers. Since 2009, the assets of the six largest financial institutions have increased by $800 billion accounting for 50 percent of the nation's banking assets. The Big Six were responsible for more than half of the total growth in banking assets during that time. Furthermore, the International Monetary Fund estimated the 2012 value of the too-big-to-fail subsidy for these large banks was $70 billion in the United States. **Clearly, the megabanks need to have concentration limits to limit their systemic risk and their competitive advantage resulting from being too-big-to-fail.**

ICBA strongly supported the concentration limit when it was proposed as part of the Dodd-Frank Act and strongly supports the proposal by the Federal Reserve to implement it. We agree with the Financial Stability Oversight Council's (FSOC) study which shows that the concentration limit would have a positive impact on the U.S. financial stability by reducing the systemic risks created by increased financial sector concentration arising from acquisitions involving the largest U.S. financial companies. FSOC also concluded that the concentration limit would be unlikely to have a significant effect on the cost and availability of credit and other financial services.

ICBA also continues to support legislative and regulatory changes that would curb or end advantages currently enjoyed by too-big-to-fail banks. Such changes should include higher capital and leverage requirements, enhanced liquidity standards, activity restrictions, limitations on the federal safety net, and more effective resolution authority. The banking agencies should take whatever steps are necessary to end TBTF and level the playing field between the megabanks and the rest of the industry.

ICBA supports other aspects of the Federal Reserve's proposal including the use of generally accepted accounting principles or GAAP to compute the assets and liabilities of financial companies that are not subject to consolidated risk-based capital rules, and requiring advanced approaches institutions to use the greater of their generally applicable total risk-weighted assets or their advanced approaches total risk-weighted assets in calculating their liabilities. In ICBA's opinion, the proposal fairly resolves the technical issues of computing the liabilities of large non-bank financial companies and foreign banking operations.

ICBA appreciates the opportunity to comment on the proposal to implement Section 622 of the Dodd-Frank Act by establishing a financial sector concentration limit. If you have any questions or would like additional information, please do not hesitate to contact me by email at Chris.Cole@icba.org or by phone at (202) 659-8111.

Sincerely,
/s/ Christopher Cole
Christopher Cole
Executive Vice President and Senior Regulatory Counsel