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

Re: Small Bank Holding Company Policy Statement; Capital Adequacy of Board-Regulated Institutions; Docket No. R-1508 and R-1509 (RIN 1700-AE 29 and AE30)

Dear Mr. Frierson:

The Independent Community Bankers of America (ICBA)[1] appreciates the opportunity to comment on two related proposals. One would raise the asset size threshold for determining the applicability of the Federal Reserve Board's Small Bank Holding Company Policy Statement (Regulation Y, Appendix C) to $1 billion from $500 million and expand the scope of the Policy Statement to include savings and loan holding companies that also meet the Policy Statement's requirements. The other proposal which is an interim final rule would immediately exempt savings and loan holding companies that have total consolidated assets of less than $500 million from the Board's regulatory capital requirements under Regulation Q—thereby allowing savings and loan holding companies to be treated like bank holding companies for purposes of the capital rules until the proposed changes to the Policy Statement are implemented.

Both proposals are the result of Congress enacting H.R. 3329 (Public Law 113-250) which directs the Federal Reserve to raise the asset size threshold under the Policy Statement, expand the Policy Statement's scope to include savings and loan holding companies, and amend section 171 of the Dodd-Frank Act to exempt a savings and loan holding company from the minimum regulatory capital requirements of section 171 to the extent that the savings and loan holding company would have been exempt if it had been a small bank holding company that met the requirements of the Policy Statement. H.R. 3329 was a victory for community banks and was the direct result of ICBA's strong advocacy efforts to expand the coverage of the Policy Statement. In fact, as part of ICBA's Plan for Prosperity for the 114th Congress, ICBA is currently urging enactment

[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.

of legislation that would increase the threshold under the Policy Statement to $5 billion so that even more community bank and savings and loan holding companies could issue debt or equity subject to the Policy Statement and downstream those proceeds to their banking subsidiaries, helping those institutions make loans and service local communities.

ICBA commends the Federal Reserve for proposing these regulations and conforming changes to Regulations Q, Y and LL within 90 days of the enactment of H.R. 3329 and strongly urges the Federal Reserve to adopt both proposals. Currently, the Policy Statement applies to bank holding companies with pro forma consolidated assets of less than $500 million that : (i) are not engaged in significant nonbanking activities either directly or through a nonbank subsidiary; (ii) do not conduct significant off-balance sheet activities (including securitization and asset management or administration) either directly or through a nonbank subsidiary; and (iii) do not have a material amount of debt or equity securities outstanding (other than trust preferred securities) that are registered with the SEC.

The Policy Statement provides an excellent way for community bank holding companies to finance an acquisition or to raise capital for their subsidiary banks. As long as the bank holding company is well capitalized and initially, the debt to equity ratio does not exceed 3:1, the company has more flexibility under the Policy Statement with raising capital than it would be if it was subject to the current Basel III capital requirements of Regulation Q. Many community banks have found access to capital to be difficult. Some of them urgently need to raise debt or equity to fund their lending activities and to service their local communities particularly now that they are subject to the Basel III capital requirements.

We therefore urge the Federal Reserve to adopt both proposals so that an additional 600 bank holding companies and savings and loan holding companies can take advantage of the Policy Statement. With this expansion, the Policy Statement will cover close to 90 percent of all bank holding companies and 75 percent of savings and loan holding companies, making it much easier for these institutions to issue debt or equity.

ICBA also endorses the Federal Reserve's proposal to change the filing requirements for bank holding companies and savings and loan holding companies with $500 million or more but less than $1 billion in total consolidated assets. Under the proposal, these institutions would not be required to file the quarterly FR Y-9C and the FR Y-9LP and would begin filing the semi-annual FR Y-9SP. We agree that these changes are consistent with the changes to the law and to the Policy Statement. Furthermore, these changes would substantially reduce the reporting burden for these community bank holding companies.

In conclusion, ICBA strongly urges the Federal Reserve to adopt the proposed changes to Regulations Q, Y and LL as described in the two proposals and endorses the proposed changes to the FR Y-9 filing requirements and the implementation of the interim final rule. ICBA appreciates the opportunity to comment on both proposals regarding changes

to the Policy Statement. If you have any questions or would like additional information, please do not hesitate to contact me by email at Chris.Cole@icba.org.

Sincerely,
/s/ Christopher Cole

Christopher Cole
Executive Vice President and Senior Regulatory Counsel