



One Mission. Community Banks.®

March 2, 2015

Mr. Robert deV. Frierson
Secretary
Board of Governors of the 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; Bank Holding Companies; Savings and Loan Holding Companies; and Changes to Reporting Requirements; Docket No. R-1509 and RIN 1700-AE 30

Dear Mr. Frierson:

The Community Bankers Association of Illinois (“CBAI”), which represents approximately 380 Illinois community banks and thrifts, appreciates the opportunity to provide our observations and recommendations regarding proposed revisions (“Proposed Revisions”) to the Federal Reserve Board’s (“Board”) Small Bank Holding Company Policy Statement’s (“Policy Statement”) asset threshold to \$1 billion in consolidated assets from \$500 million; expanding the scope of the Policy Statement to include previously excluded savings and loan holding companies; and, changing the reporting requirements for bank and savings and loan holding companies below \$1 billion to eliminate the quarterly filing of FR Y-9C and FR Y-LP reports, and instead require the semiannual filing of the FR Y-9SP.

The Community Bankers Association of Illinois (CBAI) is dedicated to exclusively representing the interests of Illinois’ community banks (and many Illinois thrifts) through effective advocacy, outstanding education and high quality products and services. CBAI’s 380 members hold over \$72 billion in assets, operate in 860 locations statewide and lend to consumers, small businesses and the agricultural community. For more information please visit www.cbai.com

CBAI appreciates the Board's recognition that these small holding companies have less access to equity financing than larger ones. The Board originally adopted the Policy Statement in 1980 to permit the formation and expansion of small bank holding companies with debt levels that are higher than typically permitted for larger bank holding companies. Subsequent to the 1980 Policy Statement the asset threshold level was increased in 2006 from \$150 to \$500 million. In 2014, Congress passed and the President signed into law H.R. 3329 ("the Act") which became effectively immediately and which necessitated the Proposed Revisions consistent with the Act. Additionally, we appreciate the Board's recognition of the need to reduce the regulatory reporting burden on the smaller holding companies which would now qualify under the proposed Policy Statement.

CBAI has consistently advocated for an increase in the Policy Statement consolidated asset threshold. We specifically included this recommendation in our Federal Policy Priorities and supported a threshold increase in the Act. While our recommendation was for the asset threshold to increase to \$5 billion, the current proposed increase to \$1 billion will include 600 more bank and savings and loan holding companies under the Policy Statement, and is a significant step in the right direction to make it easier for these holding companies to issue debt or equity and reduce their regulatory reporting burden. We will continue to advocate for a higher threshold in Congress and with banking regulators.

In conclusion, CBAI supports the Proposed Revisions and encourages the Federal Reserve Board to implement these beneficial changes as soon as possible.

If you have any questions or require any additional information, please contact me at 1-847-909-8341 or at davids@cba.com.

Sincerely,

/s/

David G. Schroeder
Vice President Federal Governmental Relations