

February 15, 2018

[IBC letterhead]

Board of Governors of the Federal Reserve System

Docket Number OP-1570

Via email: regs.comments@federalreserve.gov

Dear Sirs:

The following comments are submitted on behalf of International Bancshares Corporation (“IBC”), a multi-bank financial holding company headquartered in Laredo, Texas. IBC holds five state nonmember banks serving Texas and Oklahoma with each bank having less than \$10 billion in assets. With over \$12 billion in total consolidated assets, IBC is one of the largest independent commercial bank holding companies headquartered in Texas. It is a publicly-traded financial holding company. As noted, its total consolidated assets are less than \$50 billion. Thus, the first part of the above referenced proposal will not directly affect it. However, IBC wishes to express its strong support for this effort to rationalize governance issues for banks and holding companies of all sizes. Our specific comments follow.

First, due to its structure, IBC has separate, diverse boards of directors for each of its constituent banks as well as a board for its holding company. Each bank board draws from the local community, with directors bringing a wealth of experience, awareness of the needs of the local economy, and a variety of skills to their board duties. However, they are not full time financial services business people and do not have the same level of specialized banking knowledge as the inside directors. Nonetheless, their business acumen helps them to set direction for each bank and to assure that the policies and procedures that are put into place are appropriate and effective for the institution’s strategic plan.

The second part of the proposal, which recognizes the difference in roles of management and boards, is welcome and long overdue. We look forward to seeing the text for the revised supervisory guidances and hope to provide comments on these. For example, IBC has a strong vendor management program, including a rigorous program of managing outsourcing risk. To us, once a policy is adopted by the board, this is essentially the function of management to implement and fine tune as necessary. Similar observations can be made as to the other SR letters that are being considered for rescission or revision.

Furthermore, just as bank boards review their policies and procedures on a regular basis, updating and refining as technology and changes in products and services dictate, so should the Federal Reserve update its SR Letters. Many of the ones listed in this request were promulgated a number of years ago and need dusting off.

Finally, IBC strongly supports the third part of the proposal, which clarifies the expectations with regard to management's response to supervisory findings. Clearly, a bank or holding company board must set direction for management; however, typical "Matters Requiring Attention" or "Matters Requiring Immediate Attention" should be addressed to senior management in order to assure that corrective action plans are developed and implemented. The status of such plans and oversight must be communicated by management to the board. Nonetheless, the day to day work on addressing supervisory concerns properly rests on the shoulders of senior management.

Thank you for this opportunity to comment. This proposal on corporate governance truly represents a meaningful attempt to allocate responsibilities more appropriately and thus to reduce regulatory burden.

Respectfully,



Dalia Martinez
Executive Vice President