

October 29, 2018

Ms. Ann E. Misback
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Ave, NW
Washington, DC 20551

Re: Small Bank Holding Company and Savings & Loan Holding Company Policy Statement and Related Regulations; Changes to Reporting Requirements (**Docket No. R-1619, RIN 7100-AF 13**)

Dear Ms. Misback:

The American Bankers Association¹ (ABA) appreciates the opportunity to comment on the interim final rule of the Federal Reserve Board of Governors (FRB) raising the consolidated assets ceiling of the Small Bank Holding Company and Savings & Loan Holding Company Policy Statement (Policy Statement) from \$1 billion to \$3 billion.²

Section 207 of the Economic Growth, Regulatory Relief, and Consumer Protection Act (EGRRCPA), required the FRB to increase this asset ceiling within 180 days of enactment. EGRRCPA was enacted on May 24, 2018. ABA appreciates the FRB's diligence in issuing an interim final rule on August 30, 2018, well within the timeframe contemplated by EGRRCPA. Moving forward, EGRRCPA's Section 207(d) also removed a constraint on FRB discretion by eliminating a statutory reference to the Policy Statement's asset ceiling. By eliminating this statutory reference, EGRRCPA permits the FRB to revise and increase the scope of their Policy Statement's coverage moving forward. This is a sensible change, as the FRB is best suited to make determinations on the appropriate scope of the Policy Statement's coverage.

The Policy Statement permits both bank holding companies and savings and loan holding companies to hold greater levels of debt to finance acquisitions, recognizing that these smaller holding companies have less access to equity financing relative to their larger counterparts.³ However, there is considerable regulatory burden reduction for institutions eligible for the Policy Statement, which is that they are also exempt from risk-based and leverage-based capital rules at the holding company level.⁴ This is important relief for institutions with more than \$1 billion in consolidated assets and less than \$3 billion in consolidated assets.

¹ The American Bankers Association is the voice of the nation's \$17 trillion banking industry, which is composed of small, regional, and large banks that together employ more than 2 million people, safeguard \$13 trillion in deposits, and extend nearly \$10 trillion in loans.

² See Small Bank Holding Company and Savings and Loan Holding Company Policy Statement and Related Regulations; Changes to Reporting Requirements. 83 Fed. Reg. 44,197. (August 30, 2018).

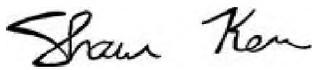
³ See 83 Fed. Reg. at 44,196.

⁴ See 12 C.F.R. § 217.1(c)(1)(ii)-(iii).

ABA appreciates the work of the FRB in promptly issuing an interim final rule to give full effect to EGRRCPA's Section 207. However, we would also encourage the FRB to use its discretion to expand the Policy Statement to reflect a more tailored approach to supervision that does not place limits to regulatory relief at specific asset thresholds. In addition, changes to the Policy Statement may be particularly appropriate to ensure harmony with future proposals for community bank capital simplification.

Should you have any questions, please do not hesitate to contact the undersigned at skern@aba.com or (202) 663-5253.

Sincerely,

A handwritten signature in black ink that reads "Shaun Kern". The signature is written in a cursive, slightly slanted style.

Shaun Kern
Senior Counsel
Office of Regulatory Policy