INDEPENDENT COMMUNITY
BANKERS of AMERICA®

February 26, 2014

The Honorable Janet L. Yellen
Chair
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

Dear Chair Yellen:

ICBA would like to express its appreciation to the Federal Reserve Board for its support of recent Dodd-Frank Act regulation of systemically important financial institutions or SIFIs and its continuing efforts to end too-big-to-fail. The recent Board vote on requiring large foreign banks to have intermediate holding companies that would be regulated by the Federal Reserve was a step in the right direction towards regulating these large foreign SIFIs that pose systemic risk to the U.S. financial system. As the Federal Reserve considers future Dodd-Frank rulemaking such as finalizing the liquidity coverage ratio and the supplementary leverage ratio for SIFIs and proposals to establish a SIFI capital surcharge and higher unsecured debt requirements for large holding companies, we hope the Federal Reserve will continue with their efforts to reduce overall systemic risk and end the advantages currently enjoyed by too-big-to-fail banks.

The greatest ongoing threat to the safety and soundness of the U.S. banking system is the dominance of a small number of too-big-to-fail megabanks. Because these firms are too big to fail, they act with impunity and court risks that no smaller firm would tolerate. The markets offer them credit at rates that do not reflect their true risk—rates that are subsidized by an implicit taxpayer guarantee. ICBA applauds the past efforts the Federal Reserve Board has taken to end too-big-to-fail and hopes that the Board will continue supporting enhanced prudential standards for both domestic and foreign SIFIs.

Sincerely,

Camden R. Fine

Camden R. Fine
President and CEO

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