



**INDEPENDENT COMMUNITY
BANKERS of AMERICA®**

May 14, 2015

The Honorable Mike Conaway
Chairman
House Committee on Agriculture
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Collin Peterson
Ranking Member
House Committee on Agriculture
U.S. House of Representatives
Washington, D.C. 20515

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Dear Chairman Conaway and Ranking Member Peterson:

On behalf of the more than 6,000 community banks represented by the Independent Community Bankers of America (ICBA), I write to express our support for two amendments that may be offered as part of the committee's consideration of legislation to reauthorize the Commodity Futures Trading Commission (CFTC). ICBA strongly supports both amendments.

The first amendment would simply extend an exemption to small bank holding companies (BHCs) with \$10 billion or less in assets already in place for community banks and other institutions with \$10 billion or less in assets. Congress recognized the fixed cost associated with mandatory clearing dramatically increases the cost for small banks that only do a relatively few swap transactions per year. To remedy this concern, Congress created a small bank exemption from mandatory clearing. However, small BHCs, which also use swaps to manage interest rate risk, were overlooked. The fixed cost associated with mandatory clearing dramatically increases the cost for small BHCs which should also be allowed the same exemption afforded to their subsidiary banks to ensure that BHCs can engage in appropriate risk management activities in a cost-efficient manner at the BHC level.

The second amendment would codify in statute the CFTC's current regulatory treatment for Federal Home Loan Banks (FHLBs) regarding "identified banking products", (including loans) so that they are excluded from regulation as "swaps," or derivatives. Although the Dodd-Frank Act generally exempts these products from being considered as swaps or derivatives, this exemption was unintentionally not extended to FHLBs. The amendment would therefore ensure the cooperatively structured FHLB's advances to their members, the majority of which are federally insured community financial institutions such as community banks, credit unions and community development financial institutions (CDFIs), continue to be provided in a cost-efficient manner. This will help ensure that community banks keep affordable access to financial services that help them structure their products to meet the needs of the communities they serve and to prudently manage their balance sheets.

We strongly urge your support of these two amendments that address oversights in current statute.

Sincerely,

/S/

Mark Scanlan
Sr. V.P., Agriculture and Regulatory Policy

cc: House Agriculture Committee

The Nation's Voice for Community Banks.®

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