

CHAMBER OF COMMERCE
OF THE
UNITED STATES OF AMERICA

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TO THE MEMBERS OF THE U.S. HOUSE OF REPRESENTATIVES:

The U.S. Chamber of Commerce, the world's largest business federation representing the interests of more than three million businesses of all sizes, sectors, and regions, as well as state and local chambers and industry associations, and dedicated to promoting, protecting, and defending America's free enterprise system, supports H.R. 6392, the "Systemic Risk Designation Improvement Act of 2016."

H.R. 6392 would implement necessary process improvements to the Systemically Important Financial Institution (SIFI) designation process for bank holding companies by requiring the Financial Stability Oversight Council (FSOC) to undergo the same designation process for bank holding companies as nonbanks. Under the Dodd-Frank Act, bank holding companies with consolidated assets of \$50 billion or more are automatically deemed to be SIFIs and subject to enhanced prudential standards and heightened supervision by the Board of Governors of the Federal Reserve. In contrast, H.R. 6392 would provide bank holding companies, particularly those banks that only operate domestically, a fairer process that considers a number of factors rather than automatically deeming banks a SIFI merely because of size.

Many of the bank holding companies that have been subject to enhanced prudential regulations and heightened supervision are regional or large community banks. These smaller, domestic banks play a vital role in providing liquidity and financing to Main Street businesses. Being subject to enhanced regulations has constrained the ability of these banks to support Main Street businesses in providing retail and commercial lending, as well as meeting the needs of local communities. Because of their small geographic footprint, lack of interconnectedness, and structure of business models, it is unlikely that smaller domestic banks pose a threat to financial stability in the manner for which the systemic risk regime was created.

Although the Chamber supports H.R. 6392, we have concerns that a continued assessment of \$115 million to address a "pay for" will take productive capital out of the economy. The Chamber has traditionally opposed such assessments, which are akin to a bank tax, since they are unrelated to the underlying bill.

The benefits of implementing due process for SIFI designation of bank holding companies and eliminating an arbitrary \$50 billion threshold for designation cannot be overstated. **Therefore, the Chamber urges you to support H.R. 6392 and may consider including votes on, or in relation to, this legislation in our annual *How They Voted* scorecard.**

Sincerely,



R. Bruce Josten