



December 13, 2017

The Honorable Blaine Luetkemeyer
2440 Rayburn House Office Building
Washington, D.C. 20515

Dear Representative Luetkemeyer,

The Regional Bank Coalition (RBC) is writing to express our support for the Systemic Risk Designation Improvement Act of 2017 (H.R. 3312), a vital piece of legislation to address the improperly calibrated regulatory framework stemming from Dodd-Frank. This bipartisan bill employs a multi-factored approach examining a bank's full business profile to determine its risk level to the financial system and, therefore, the appropriate amount of regulation needed to ensure safety and soundness.

As explained in an [October 2017 report by the Office of Financial Research](#), asset size alone cannot fully capture a banking institution's risk level and should not be used to determine which banks should be deemed as Systemically Important Financial Institutions (SIFIs). Asset thresholds fail to accurately capture the risk an institution presents to the financial system. Even worse, these inappropriately tailored regulations hinder the consumer and commercial lending that boosts the U.S. economy.

Regional banks operate as Main Street banks that focus on serving the banking and financial services needs of American consumers, small- and mid-size businesses, and state and municipal governments. Our institutions have relatively uncomplicated organizational structures and limited trading, derivatives and foreign operations, which limits our risk to the financial system. This is seen in the systemic scores of our institutions, calculated based on the test the Financial Stability Board and Basel Committee use for international regulations.

As economic backbones of our communities, it is imperative we can serve our customers to the best of our ability. However, the current regulatory system reduces capital for lending, harming much needed economic growth. It is clear we must reform the current system to better capture risk to the financial system. While we disagree with the Congressional Budget Office's scoring methodology, we support the offset outlined in the bill.

For this reason, we support the thorough, data-driven H.R. 3312 and look forward to advancing the legislation, as it would lead to relief for regional banks and spur capital lending to small businesses and, therefore, Main Streets around the country.

Sincerely,

The Regional Bank Coalition