

July 27, 2010

To: Members of the United States Senate

From: Floyd E. Stoner, Executive Vice President, Congressional Relations & Public Policy

Re: Support Hutchison-Bayh-Pryor Amendment on Shareholder Threshold

On behalf of the members of the American Bankers Association, I am writing to express our support for an amendment to be offered by Senator Kay Bailey Hutchison (R-TX), Senator Evan Bayh (D-IN), and Senator Mark Pryor (D-AR) during consideration of H.R. 5297, the Small Business Jobs Act of 2010. This amendment, supported by a bipartisan group of Senators, will increase the shareholder threshold for Securities Exchange Commission (SEC) registration and assist community banks to raise much needed capital and increase lending to small businesses.

Under the federal securities laws, any company with \$10 million in assets and 500 shareholders is required to register as a public company with the SEC. While the \$10 million asset size measure has twice been increased since Congress enacted this provision in 1964, the shareholder gauge of a public company, the only measurement of significance for banks, has never been changed. The outdated shareholder threshold level prevents small banks from raising capital from investors in their local communities because of fear that they will trip over the threshold number and cause their regulatory compliance cost to substantially increase. The Hutchison-Bayh-Pryor amendment would update the shareholder threshold level and provide much-needed relief for community banks and their small business customers.

We urge Members of the Senate to support passage of H.R. 5297 and to support the inclusion of the Hutchison-Bayh-Pryor shareholder amendment in the final bill.