



October 5, 2015

To: Members of the United States House of Representatives

From: James Ballentine, Executive Vice President, Congressional Relations & Political Affairs

Re: ABA Support for Regulatory Relief Measures – Tuesday, October 6 Suspension Calendar

On behalf of the members of the American Bankers Association (ABA), I am writing to share our views on two measures scheduled for consideration in the House on Tuesday, October 6, 2015. ABA is pleased that these measures are consistent with proposals included in our Agenda for America's Hometown Banks.

H.R. 1553, the Small Bank Exam Cycle Reform Act of 2015, introduced by Representative Scott Tipton (R-CO), Financial Institutions Subcommittee Ranking Member Lacy Clay (D-MO) and Representative Andy Barr (R-KY) would increase the asset threshold (\$500 million to \$1 billion) for insured depository institutions eligible for 18-month on-site examination cycles. This bipartisan legislation would significantly reduce the resources required to deal with yearly examinations by the regulators. The Comptroller of the Currency, Thomas Curry, publicly stated that such a change would reduce burdens on well-managed community institutions and would also allow the agencies to focus their efforts on institutions that may present supervisory concerns.

This proposal, which passed the House Financial Services Committee on July 29 by a unanimous vote of 58-0, was also included in other regulatory relief bills introduced by Representatives Barr and Blaine Luetkemeyer (R-MO). **ABA strongly supports H.R. 1553** and urges bipartisan support for this measure.

H.R. 1839, the Reforming Access to Investments in Startup Enterprise (RAISE) Act of 2015 introduced by Representative Patrick McHenry (R-NC), would establish a new section 4(a)(7) under the Securities Exchange Act of 1933 to permit conditional resales of privately held, or restricted, stock.

The RAISE Act addresses a longstanding issue for many privately held community banks. The shareholders in these banks, often members of the local community or board of the bank, face the need to pay for life's necessities, like education, housing and other significant personal expenditures, but have found it difficult to sell shares in a manner consistent with current state and federal law. Community banks find it much easier to raise primary capital when prospective investors understand that some degree of liquidity will be available to them—important to many community bank owners who typically invest for the long term. In addition, these banks are better able to attract and retain talented employees when their employees are able

to monetize at least part of their equity compensation when faced with major expenditures. The proposed legislation includes important investor protections, such as a requirement that the securities may only be resold to accredited investors and remain subject to transfer restrictions following the resale.

This legislation, which passed the House Financial Services Committee on July 29 by a vote of 58-0, would codify existing practice and eliminate some of the unnecessary restrictions associated with that practice. **ABA supports passage of H.R. 1839** and urges the full House to adopt this important measure.