October 31, 2024

Federal Deposit Insurance Corporation
550 17th Street NW
Washington D.C. 20429

Via Email to: comments@FDIC.gov

Re: Regulations Implementing the Change in Bank Control Act (RIN 3064–AG04)

Dear Members of the Federal Deposit Insurance Corporation:

Business Forward Inc. is a trade group (supported by more than 60 of America's largest and most respected companies) that makes it easier for local business leaders to speak out about issues affecting America's economic competitiveness. Over the past decade, we have helped more than 300,000 entrepreneurs, executives, investors, and small business owners across the U.S. brief more than 1,250 mayors, governors, members of Congress, and senior Administration officials (including three presidents). Our local business leaders work with local media, organize briefings in their home markets, submit testimony, publish op-eds, advise elected officials, and advocate online. These leaders have seen their recommendations reflected in presidential budgets, clean energy legislation, immigration reform proposals, trade deals, the Affordable Care Act, and President Biden's build back better agenda.

It is common for our leaders to speak out against well-intentioned efforts by one Department or Agency to regulate businesses already governed by another, particularly when this overlap could generate substantial unintended consequences. In the current case, you propose a series of rules that could, at best, duplicate Federal Reserve rules, or, at worst, undermine them.

Your proposed rule could create a domino effect of restricted capital for many smaller banks and individuals. We are concerned the FDIC is moving too quickly, without giving proper time for all regulators and impacted parties to comment and respond.

As Securities and Exchange Commission Chair Gary Gensler pointed out, the nonbank sector that involves investment managers like those being targeted through this regulatory proposal offers "important alternatives and competition" for banks which benefit investors, companies, and even the banks themselves. He also said it's "important, while considering resiliency, not to discount the contribution that nonbank markets make to efficiency, liquidity, and transparency."

Your rulemaking could create uncertainty among index funds over whether and how to limit their investments in banks. This could harm the millions of everyday American investors who rely on these index funds to help support their retirement objectives. These funds and the investment managers who provide them are vital to the market. Restricting how asset managers, and their end retail customers, may passively invest in FDIC-insured banks would discourage investments in smaller banks. This, in turn, could reduce the capital flowing into Main Street businesses and communities.

America's smaller and regional banks are small businesses. They also service a disproportionate share of businesses in historically disadvantaged communities. Minority-owned small businesses already have a harder time obtaining small businesses loans. Your rules could make it even more difficult.

This rule could also reduce the efficiency and affordability of index funds, which are intended to mirror a specific industry mix. If certain funds are unable to purchase bank shares to reflect the activity of a given industry, these will no longer match their purpose.

We recommend the FDIC slow down, hear from other regulators, and discuss the matter further with regard to unintended consequences to community banks, small businesses, minority communities, and retirees.

Thank you for your consideration.

Sincerely,
Jim Doyle
President
Business Forward Inc.