



Michael A. Ringswald
Senior Vice President & General Counsel

February 5, 2014

Monica Jackson
Office of the Executive Secretary
Bureau of Consumer Financial Protection
1700 G Street, NW
Washington, DC 20552
Docket No. CFPB-2013-0029

Robert E. Feldman
Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

Robert deV. Frierson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551
Docket No. OP-1462

Gerard Poliquin
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, Virginia 22314-3428

Legislative and Regulatory Activities Division
Office of the Comptroller of the Currency
Mail Stop 9W-11
400 7th Street, SW
Washington, DC 20219
Docket ID OCC-2013-0014

Elizabeth M. Murphy, Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090
File Number S7-08-13

Re: *Proposed Interagency Policy Statement Establishing Joint Standards for Assessing the Diversity Policies and Practices of Entities Regulated by the Agencies*

Dear Sir or Madam:

Republic Bank & Trust Company, a Kentucky state chartered commercial bank with assets of \$3.4 billion and its sister bank, Republic Bank, a national savings association headquartered in Port Richey, Florida, (collectively, "Republic") are pleased to have the opportunity to respond to your above referenced proposal.

Republic already complies with all diversity and equal opportunity policies and practices applicable under state and federal law. Republic is concerned however, that there is a tendency among banking regulators to require burdensome documentation from banks that serve, at best, a limited purpose. The requirements around the proposed diversity standards are a good example of such regulatory burden, particularly as it affects community banks like Republic. The proposed standards, if they were to be complied with as proposed, would create a need for “papering” Republic’s files in such a manner as to increase burden without any demonstrated positive outcomes. For community banks, that would be counter-productive since most community banks are closely tied to their communities, and it is better to apply our outreach efforts to accomplishing our outreach goals rather than spending valuable time creating compliance paper trails for Agency files.

In general, Republic is opposed to the Proposal as it is not only unnecessary, but it is also unauthorized and in violation of the mandates of Section 342 of the Dodd-Frank Act. The primary focus of section 342 is to ensure that the Agencies incorporate diversity and inclusionary practices into their own staff and administrative practices, not police banks in this area.

Republic does recognize that section 342(b)(2)(C) of the statute assigns the Director an additional duty to develop standards for assessing the diversity policies and practices of entities regulated by the agency. Republic wants to emphasize that the section provides no authority to the Director or any other Agency officer to conduct assessments based on the standards the Agencies are proposing. This limitation is confirmed by the legislative history of the statute where language in the original House version of the Dodd-Frank Act, H.R. 4173 that would have required each Director to “conduct an assessment, *as part of the examination process*” was specifically deleted from the final version of the law.

While it appears that the Agencies recognize they have no authority to impose the standards that are being recommended, or to enforce them in any manner, Republic remains concerned that the regulators may use subtle or not so subtle coercion to “force” banks to comply with the standards by using other examination powers to apply pressure in this area. Republic is also concerned that the Agencies may use public disclosure and public “assessments” as an indirect means to further pressure banks to comply with the Agency standards by subjecting the banks to potential reputational risk as a consequence should they decide not to follow the Guidance.

While there is no authority—express or implied—conferred by section 342 which the Agencies can use to compel an institution’s public disclosure of its assessment results, unlike the public evaluation required by the Community Reinvestment Act, Congress authorized no similar requirement in connection with workforce diversity under section

342(b)(2)(C). Furthermore section 342(b)(4) leaves no doubt that the assessment standards contemplated are not to be used to compel any specific action.

Further, Subsection (b)(2)(C) requires Agencies to establish an internal process for the Agencies to use when evaluating their own contractual relationships, not for banks to use as a standard for the banks' internal practices.

If the Agencies are interested in providing Guidance to their regulated entities that is within their purview but Republic expects that any Guidance will remain informal and not be put forth in the form of regulation that would be contrary to statute.

Diversity regarding vendors should not be addressed in the standards because of the potentially conflicting restrictions already in place regarding bank use of third party vendors. Of great importance to banks is the fact that banks must choose the best vendor available for its needs, the needs of its customers and the requirements of its shareholders, taking into account all applicable law. This decision should not be a decision based on ethnicity or gender or other discriminatory vendor attributes. In many communities, the ability of Republic to identify a supplier or vendor that meets certain proposed diversity standards may be non-existent, and the ability of smaller institutions even to begin to make this vendor assessment is both costly and unproductive. Republic firmly believes that any component that attempts to address procurement and supplier diversity is outside the parameters of statutory authority.

We thank you for the opportunity to comment.

Sincerely,

A handwritten signature in cursive script that reads "Michael A. Ringswald". The signature is written in dark ink and is positioned above the printed name.

Michael A. Ringswald