



One Mission. Community Banks.®

December 29, 2020

Chief Counsel's Office
Attn: Comment Processing
Office of the Comptroller of the Currency
400 7th Street SW, Suite 3E-218
Washington, DC 20219

Ms. Ann Misback, Secretary
Board of Governors of the Federal
Reserve System
20th Street & Constitution Avenue, NW
Washington, DC 20551

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

Comment Intake
Bureau of Consumer Financial Protection
1700 G Street NW
Washington, DC 20552

Regarding: Notice of Proposed Rulemaking – Role of Supervisory Guidance: OCC
Docket ID OCC-2020-0005, Federal Reserve Docket No. R-1725 and RIN 7100-AF96,
FDIC RIN 3064-AF32, and CFPB Docket No CFPB-2020-0033

Dear Madam or Sir:

The Community Bankers Association of Illinois (“CBAI”), which proudly represents 300 Illinois community banks, appreciates the opportunity to provide our observations and recommendations on the interagency (“Agencies”) Notice of Proposed Rulemaking regarding the Role of Supervisory Guidance (“Proposal”). CBAI acknowledges that the Agencies are, “inviting

CBAI is dedicated to exclusively representing the interests of Illinois community banks and thrifts through effective advocacy, outstanding education, and high-quality products. CBAI’s members hold more than \$75 billion in assets, operate 940 locations statewide, and lend to consumers, small businesses, and agriculture. For more information, please visit www.cbai.com.

OCC, Federal Reserve, FDIC and CFPB

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comments on a proposed rule that would codify the Interagency Statement Clarifying the Role of Supervisory Guidance (“Statement”) issued by the agencies on September 11, 2018.” CBAI understands that the “2018 Statement reiterated well-established law by stating that, unlike a law or regulation, supervisory guidance does not have ... the force and effect of law ... [or] create binding legal obligations for the public.” In addition, “The proposal would also clarify that the 2018 Statement, as amended, is binding on [all] the agencies.”

CBAI has consistently advocated for striking a delicate balance in the supervisory approach between flexibility and prescription, and for reasonable supervisory accommodation to avoid harmful consequences for community banks. Striking an appropriate balance will provide well-marked sidelines to stay within and thereby assist supervisors in fulfilling their responsibilities and community banks with compliance.

The Proposal should define guidance in such a way as to constrain supervisory abuse, avoid using it as a substitute for laws and regulations, and prevent community banks from being criticized at a later date (and cited for a repeat violation or concern) for relying on guidance as the basis for certain actions or inaction. These situations harm Agencies and community banks and should be avoided.

While CBAI understands that guidance does not have the force of law or regulation, guidance can provide resolution and settlement of a particular matter. The value of guidance will diminish significantly if a community banker cannot rely on it and if the Agency will not stand behind it. Therefore, guidance must be carefully crafted and adhered to consistently.

CBAI appreciates the opportunity to provide our comments about this Proposal. Please contact me with any questions you may have at 847/909-8341 or davids@cbai.com.

Sincerely,

/s/

David G. Schroeder
Senior Vice President
Federal Governmental Relations

Community Bankers Association of Illinois * 901 Community Drive * Springfield, Illinois 62703-5184