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November 6, 2015

Filed electronically at comments@fdic.gov

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

Subject: RIN 3064-AE40

Dear Mr. Feldman:

On October 22, the FDIC Board of Directors adopted a proposal (and issued a Notice of Proposed Rulemaking and request for comment) to increase the Deposit Insurance Fund (DIF) to 1.35 percent pursuant to the statutory requirements of the Dodd-Frank Act (DFA). We applaud the efforts of staff to address this complex issue, the deference shown to banks with assets under $10 Billion and the actions of the FDIC Board to move forward to strengthen the DIF.

Community banks welcome any and all opportunities to minimize expenses during these challenging times. We are obviously pleased with the potential of decreased FDIC premiums for the vast majority of banks in Texas and across the country. Additionally, we recognize not only the statutory requirements to bolster the DIF, but also the practical necessity of such actions and the positive benefits to both the industry and the American public.

We do however request that further consideration be given to the $10 Billion threshold in assessing the 4.5 basis point surcharge. IBAT has long been on record as supporting tiered regulation and treatment, not defined by asset levels but rather by business model and risk profile. It would be a stretch to consider a bank with $11 Billion – or even $75 Billion – in assets as either "too big to fail" or "systemically important," and the vast majority of those institutions certainly did not contribute to nor profit from the crisis for which we are all paying dearly in the form of enhanced regulatory scrutiny and burden.

While the DFA mandates that the FDIC "offset the effect of [the increase in the minimum reserve ratio] on insured institutions with total consolidated assets of less than $10,000,000,000," it does **not** require that **all** of those institutions in excess of $10 Billion in assets make up the difference.

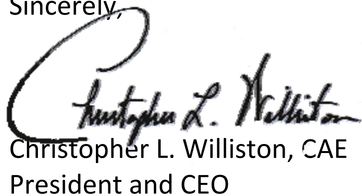
IBAT would propose that the surcharge necessary to increase the DIF to the mandated 1.35% be focused on the largest of the banks, and especially those considered or potentially considered to be "too big to fail." We would argue that those institutions not only garner a greater "value" from their FDIC assessments, but also pose the greatest risk to the fund.

When determining a reasonable “cutoff,” we encourage the FDIC to look at concentrations, e.g., any banking company controlling one percent or more of the entirety of the assets of the banking industry would be subject to the surcharge. We have also discussed internally the possibility of making this surcharge applicable only to banking companies which have been assessed significant civil money penalties since the crisis, with an example being $50 Million or more (in the aggregate) since 2008. Another option is to increase the $10 Billion “deduction” to $50 Billion or more, thus lessening the burden on the lower end of the asset spectrum. There are any number of possibilities to explore other than a hard and fast $10 Billion asset threshold. While we do not have the resources nor expertise to provide thorough analysis of the impact of any of these thoughts, we believe that the surcharges proposed upon the smaller banks in the $10 Billion and over group would comprise a very modest percentage of the total amount generated through this surcharge proposal.

Again, we are appreciative of the efforts of the FDIC Board and staff to thoughtfully address this important issue, but are hopeful that additional analysis on the impact to what are relatively small banks will be forthcoming.

Thank you as always for considering our comments.

Sincerely,



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