



**International Bancshares  
Corporation**

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September 26, 2019

*via portal: regulations.gov and email*

Federal Deposit Insurance Corporation  
Robert E. Feldman  
Executive Secretary  
550 17<sup>th</sup> Street NW  
Washington, DC 20429  
Attn: Comments

Re: RIN 3064-AF02; Federal Deposit Insurance Corporation ("FDIC"); Request for Comment on Proposed Revisions to Interest Rate Restrictions for Less Than Well Capitalized Insured Depository Institutions.

Ladies and Gentlemen:

The following comments are submitted on behalf of International Bancshares Corporation ("IBC"), a multi-bank financial holding company headquartered in Laredo, Texas. IBC holds five state nonmember banks serving Texas and Oklahoma, all of which are well capitalized as defined by Section 38(b)(1)(A) of the Federal Deposit Insurance Act (the "FDI Act"). With over \$12 billion in total consolidated assets, IBC is the largest Hispanic-owned financial holding company in the continental United States. IBC is a publicly-traded holding company.

This letter responds to the FDIC's request for comment relating to proposed revisions to interest rate caps under Section 29 of the FDI Act for less than well capitalized insured depository institutions.

**I. Any Revision Should Specify that Section 29 of the FDI Act Cannot be Used to Evaluate Well Capitalized Depository Institutions.**

The FDIC's proposal aims to ensure that rate caps accurately represent the prevailing deposit interest rate environment. While IBC supports the FDIC's efforts to ensure the accuracy of the rate caps, IBC implores the FDIC that any revision include a provision clarifying that rate caps do not apply to well capitalized institutions in any way and cannot be used as a proxy to evaluate products offered by well capitalized institutions.

Congress enacted Section 29 of the FDI Act to address a concern that less than well capitalized institutions were (i) soliciting deposits by offering interests that were significantly higher than the prevailing rate of interest, and (ii) then using those deposits to fund risky investments. Section 29 was not enacted or intended to apply to well

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capitalized depository institutions. Nevertheless, there have been reports that regulators have used Section 29 rate caps during exams as a proxy to evaluate volatile deposits of well capitalized banks and/or to speculate as to how well capitalized depository institutions would respond if they lost their well capitalized status thereby forcing sudden lower deposit rates.

Well capitalized depository institutions do not embody the risk that Congress was concerned about when it enacted Section 29 and any use of Section 29 to evaluate a well capitalized institution's depository products is contrary to Congressional intent. IBC understands that the FDIC does not disagree with this fact and has updated its supervisory and examination manual accordingly. IBC, however, strongly encourages the FDIC also to include in any amendment to Section 29, a provision clarifying that rate caps do not apply to well capitalized institutions in any way and cannot be used as a proxy to evaluate products offered by well capitalized institutions. This amendment will cement the FDIC's position detailed in the supervisory and examination manuals and further eliminate any potential abuse of Section 29.

Thank you for this opportunity to share our views.

Respectfully,

A black rectangular redaction box covering the signature of Dennis E. Nixon.

Dennis E. Nixon  
President  
International Bancshares Corporation