

Congress of the United States

Washington, DC 20515

October 11, 2024

The Honorable Martin J. Gruenberg
Chairman
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, DC 20429

Dear Chairman Gruenberg,

We write to express concern with the proposed rule to amend Part 354 of the FDIC Rules and Regulations governing parent companies of industrial banks and industrial loan companies (ILCs). This proposed rule would create significant uncertainty for existing industrial banks and may impede their ability to offer critical products and services to consumers by establishing new authorities over industrial bank parent companies.

As you know, industrial banks and industrial loan companies are FDIC-regulated depository institutions chartered under state law. As of June 27, 2024, industrial banks collectively held almost \$232 billion in assets, which represents less than 1% of the total amount held by all insured depositories.


In addition to being subject to the same laws and regulations as other state banks, ILCs must comply with the same regulatory requirements and oversight as any other FDIC-insured depository institution. This includes safety and soundness compliance examinations, as well as adherence to the Community Reinvestment Act and other anti-money laundering and consumer protection laws. Like other FDIC-insured deposit institutions, ILCs have paid, and continue to pay, premiums into the Deposit Insurance Fund (DIF). ILCs also already have robust risk management frameworks to mitigate potential stressors from the parent company's financial performance and to test the health of the depository institution for determining the premium assessed on bank balance sheets for payment into the DIF.

Though ILCs are not federal bank holding companies, these industrial banks must comply with many of the same requirements as banks owned by bank holding companies under current law and regulation. For example, ILCs must adhere to restrictions that prohibit certain transactions between banks and their affiliates.

This proposed rule overturns the governance regime of existing banks and lengthens the already complex application process for new charters, despite no congressional authorization or evidence that the present regulatory structure is not working.

This successful track record of industrial banks should reassure us of their operational competence and safety. We urge you to withdraw this proposal.

Sincerely,



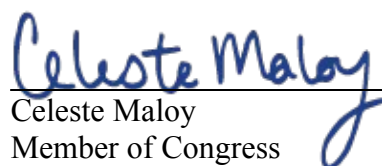
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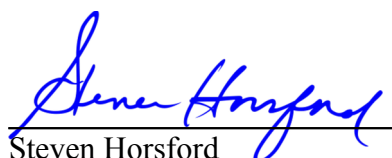
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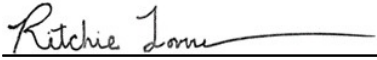
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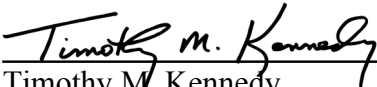
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