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June 23, 2010

The Honorable Barney Frank
Chairman
Committee on Financial Services
U.S. House of Representatives
Washington, DC 20515

The Honorable Christopher J. Dodd
Chairman
Committee on Banking, Housing and Urban
Affairs
U.S. Senate
Washington, DC 20510

Dear Chairmen Frank and Dodd:

On behalf of the nearly 5,000 members of the Independent Community Bankers of America, I write to urge the conferees to the Wall Street Reform and Consumer Protection Act of 2010 (HR 4173) to adopt a strong version of the "Volcker Rule" banning risky proprietary trading at large insured depository institutions as well as investing in or sponsoring hedge funds or private equity funds. In particular, the ban should not be subject to regulatory waiver, nor should any percentage of a bank's capital be exempt from the ban.

Insured depository institutions occupy a privileged position in our financial system, and in return for that privilege, they serve the economy by essentially adhering to the fundamental business of intermediating between savers and borrowers – taking deposits and making loans. In contrast, proprietary trading is conducted for the sole purpose of generating profits for a bank's owners and should be firewalled from standard lending-based activities. What's more, the complexity of engaging in these activities and owning such entities has made it more difficult for the market, investors, and regulators to understand risks in major financial firms, and for their managers to mitigate such risks. Proprietary trading and the ownership or sponsorship of hedge funds and private equity funds, should be separated, to the fullest extent practicable, from the business of banking – and from the federal safety net.

For more than 20 years, ICBA has warned policymakers that the financial services system was becoming fraught with financial conflicts of interest and dangerously over-concentrated. If anything, the current financial crisis has increased the danger of too-big-to-fail because mega-banks have only gotten larger and engaged in riskier activities.

INDEPENDENT COMMUNITY BANKERS of AMERICA *The Nation's Voice for Community Banks®*

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ICBA urges the conferees to adopt a strong version of the Volcker Rule to prevent a banking firm from putting its customers, the taxpayers, and the financial system at risk by conducting risky activities solely for its own enrichment.

While we support a strong Volcker Rule, we are concerned that state-chartered banks in Massachusetts and other New England states could lose the current bond and common and preferred stock investment rights that these banks have utilized to help serve their communities, in some cases as far back as the 1800s. These activities were reaffirmed as a safe and sound practice in the Federal Deposit Insurance Corporation Improvement Act of 1991, and are therefore distinct from the risky proprietary trading occurring at Wall Street banks.

Thank you for your consideration.

Sincerely,

/s/

Camden R. Fine
President & CEO

cc: Conferees to the Wall Street Reform and Consumer Protection Act of 2010