



Preston L. Kennedy, *Chairman*
Noah W. Wilcox, *Chairman-Elect*
Robert M. Fisher, *Vice Chairman*
Kathryn G. Underwood, *Treasurer*
Alice P. Frazier, *Secretary*
Timothy K. Zimmerman, *Immediate Past Chairman*
Rebeca Romero Rainey, *President and CEO*

June 21, 2019

The Honorable Mike Rounds
United States Senate
Washington, D.C. 20510

Dear Senator Rounds:

On behalf of community banks across the country, with more than 52,000 locations, I write to express our strong support for the Community Bank Access to Capital Act of 2019 (S. 1233), which will provide relief from redundant regulation and access to capital for community banks, promoting community lending and local economic growth.

S. 1233 would provide relief for SEC-registered community banks from costly external auditor attestation of management's internal controls over financial reporting by raising the exemption level under Sarbanes-Oxley 404(b) from \$75 million in market capitalization to \$5 billion in assets. In addition, community banks with assets between \$1 billion and \$5 billion would obtain relief from a requirement under the FDIC Improvement Act (FDICIA) that they submit an annual report containing management assessment of the bank's internal controls, an external auditor's attestation, and audited financial statements, among other items. Under current law, institutions with assets of less than \$1 billion are exempt from the FDICIA requirement.

For community banks, the external audit requirement is redundant because their internal control systems are monitored continually by bank examiners. This threshold increase would account for recent industry consolidation which has resulted in fewer, larger banks. Almost 90 percent of banking assets would remain subject to the FDICIA reporting requirements. When FDICIA was first adopted in 1993, only 75 percent of banking assets were subject to its reporting requirements.

Another provision of S. 1233 would amend SEC Regulation D, which governs private sales of unregistered securities, to broaden the definition of "accredited investors" who may purchase such securities to include the value of investors' primary residence in determining whether they meet the \$1 million net worth threshold. Current Regulation D requires exclusion of the value of an investor's primary residence. The accredited investor net worth definition has not kept pace with inflation. In addition, S. 1233 would provide that 70 non-accredited investors may purchase the unregistered securities of a private company. Current law limits the number of non-accredited investors to 35. Transactions under Regulation D would remain subject to antifraud, civil liability, or other provisions of the federal securities laws.

The Nation's Voice for Community Banks.®

WASHINGTON, DC
1615 L Street NW
Suite 900
Washington, DC 20036

SAUK CENTRE, MN
518 Lincoln Road
PO Box 267
Sauk Centre, MN 56378

866-843-4222
www.icba.org

Together, these changes will help community banks raise capital and direct more resources toward serving their communities without putting investors at risk.

Thank you again for introducing S. 1233. ICBA looks forward to working with you to advance this important legislation.

Sincerely,

/s/

Rebeca Romero Rainey
President & CEO

CC: Members of the Senate Banking Committee

The Nation's Voice for Community Banks.[®]

WASHINGTON, DC
1615 L Street NW
Suite 900
Washington, DC 20036

SAUK CENTRE, MN
518 Lincoln Road
PO Box 267
Sauk Centre, MN 56378

866-843-4222
www.icba.org