



September 3, 2024

Federal Deposit Insurance Corporation  
550 17<sup>th</sup> St NW  
Washington, DC 20249  
Attention: James P Sheesley, Assistant Executive Secretary

***Re: Notice of Proposed Rulemaking, Parent Companies of Industrial Banks and Industrial Loan Companies; RIN 3064-AF88***

Ladies and Gentlemen:

The National Association of Industrial Bankers (NAIB) and the American Financial Services Association (AFSA) respectfully request the Federal Deposit Insurance Corporation (FDIC) extend the public comment period for the notice of proposed rulemaking relating to the FDIC's amendments to its regulation governing parent companies of industrial banks and industrial loan companies. Public comments are currently due on or before October 11, 2024. Given the significant departure from the current rules recently adopted in 2021, the addition of novel concepts to the regulation of parent companies of industrial banks and industrial loan companies, and the potential impact on applicants for federal deposit insurance for industrial banks and current parent companies of industrial banks, we urge you to provide an additional 60 days for public comment.

The proposed rule is a significant departure from the current rule governing industrial bank parent companies. The proposed rule seeks to expand the definition of "Covered Company" significantly and includes changes that may sweep in existing parent companies of industrial banks into the definition of "Covered Company" as a result of minor parent company reorganizations or management changes. It reconceptualizes the relationship between the written agreements entered into by applicants for industrial bank deposit insurance and the statutory requirements in the Federal Deposit Insurance Act.

The proposed rule also restructures how the FDIC will review applicants and introduces the concept of reviewing "novel" business models. The proposed rule appears to be biased against any potential parent of an industrial banks whose primary business includes any new or innovative services or products. This is all done without any data analysis or policy rationale why an innovative parent company creates a heightened and unmanageable risk to the FDIC and the Deposit Insurance Fund.

In addition, the proposed rule creates a category of industrial banks called "shell or captives" without sufficient statutory or policy rationale. The proposed rule would codify an institutional bias against certain business models, requiring applicant parent companies to overcome a "rebuttable presumption." There is

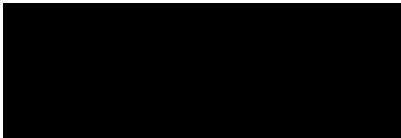
no statutory analysis accompany the proposed rule that supports the creation of the categories. In fact, the proposed changes may be counter to the mandate by Congress to provide federal deposit insurance to industrial banks by creating a scenario where no potential applicant can propose a successful business model and execution plan that can overcome the rebuttable presumption set forth in the proposed rule.

The lack of statutory analysis and policy rationale included in the proposed rule will require the commenting public to perform this analysis and present it for the record. In addition, the proposed rule must be analyzed considering the recent Supreme Court rulings regarding administrative agency action, particularly in reversing or significantly revising recent rulemakings by the agency.

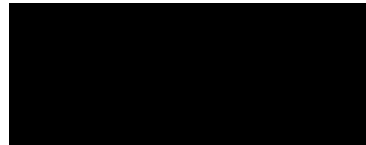
Further, the proposed rulemaking veers into the policymaking role left to Congress. Industrial banks operate under an express exemption from the Bank Holding Company Act adopted in the Competitive Equality Banking Act of 1987. The Dodd-Frank Act of 2010 imposed a three-year moratorium on deposit insurance application approvals for new credit card banks, industrial banks, and trust banks owned by “commercial” companies and ordered a Government Accountability Office study of how these institutions impacted the safety and soundness of the institutions or the stability of the financial system. The GAO found no systemic issues and the moratorium expired.

Thank you for the consideration of our request.

Sincerely,



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