November 17, 2024

Federal Deposit Insurance Corporation
550 17th Street NW
Washington D.C. 20429

Via Email to: comments@FDIC.gov

Re: Regulations Implementing the Change in Bank Control Act - RIN 3064–AG04

Dear Members of the Federal Deposit Insurance Corporation:

I am writing to voice my concern about the FDIC's proposed changes to the Change in Bank Control Act (CBCA). We believe the potential effects of the proposed rule could have unintended consequences to community and regional banks servicing millions of small businesses across the country. The potential economic repercussions should be considered by the FDIC. I urge you to better assess the impact this rule could have on small banks and the local communities that rely on them, while identifying data should this rule be passed.

A primary concern is the restricted access to capital for smaller banks and, subsequently, individuals in those communities. The fund and asset managers that are targeted by this rule are vital to the market broadly, but especially to these regional banks and their customers. It's not hard to see how additional regulations on passive investments in FDIC-insured banks will discourage investments into smaller banks. This will lead to less money in these community banks. And, because community banks predominantly fund small businesses and minority communities, they will be the first to feel the negative impacts.

The Latino Coalition (TLC) is a pro-business, bipartisan, national Hispanic business association with the goal of ensuring every Hispanic American who wants to start and grow a business has the opportunity and the right economic [redacted]Given that, the unplanned consequences of this proposed [redacted]

Hispanic businesses, and other small businesses, need regional banks. Regional banks are vital to small and community businesses. Unlike big banks, these community banks are better suited to lend to low-income businesses and more likely to have the flexibility to lend to non-traditional borrowers, like those that might reside in minority communities. But if the larger investment managers (currently investing in our smaller, regional banks) are forced to get approval on investing over 10%, it's not hard to see how the alternative will simply be NOT to invest. This will ultimately impact underserved communities, as they will be the first ones to be turned away when smaller banks don't have loans to give.

As we know, access to capital for individuals and small business owners is uneven based on race. The majority of Black and Latino or Hispanic neighborhoods already have fewer options when it comes to financial services than neighborhoods with a majority predominantly white population.

Yet they are often more reliant on banks for housing and expanding business. With already limited access to capital, this proposed FDIC rule will only further limit the funds these regional banks have to offer.

FDIC Vice Chairman Travis Hill even cautioned the FDIC to proceed with caution, noting his concern about the proposed rule and stated the rule "**might** result in asset managers reducing their investments in banks." Because there have been no studies, modeling, or projections on how this rule will unfold, we don't know for sure. But what we do know is that we do not want to pass an unnecessary rule at the detriment of historically underserved communities.

For all these reasons, I once again urge you to delay this process and hear from other government agencies to consider and confer with all affected groups before creating a duplicative rule with potentially harmful consequences.

Regards,

[redacted]

Carlos F. Orta
President & CEO
The Latino Coalition