



February 14, 2012

The Honorable Nan Hayworth
U.S. House of Representatives
1440 Longworth House Office Building
Washington, DC 20515

Dear Congresswoman Hayworth:

We applaud your sponsorship of H.R. 1838, legislation related to Section 716 of the Dodd-Frank Act.

Section 716 requires commercial banks to push out or remove certain swaps activities from the bank. As a result, clients of these financial institutions would no longer be eligible for netting and other efficiencies that currently exist when doing business with one entity. In addition, the bank would have to establish and capitalize a separate affiliate increasing funding costs.

We are also concerned that clients will migrate their swaps contracts to other entities which are not subject to prudential regulation by federal regulators. As a result, systemic risk may be increased instead of reduced. Finally, this section reduces the ability of banks to mitigate their own risks. Importantly, Federal Reserve Chairman Bernanke and then FDIC Chairman Bair opposed this provision when originally considered. We believe that this section is unnecessary and should be eliminated.

We strongly support H.R. 1838 and urge its adoption. Thank you for your consideration of our views.

Sincerely Yours,

A handwritten signature in blue ink, appearing to read "Ken Bentsen", is placed over a light gray rectangular background.

Kenneth E. Bentsen, Jr.
EVP, Public Policy and Advocacy