

February 12, 2008

The Honorable Christopher Dodd  
Chairman  
Senate Committee on Banking, Housing, and Urban Affairs  
United States Senate  
Washington, DC 20510

Dear Chairman Dodd:

The Securities Industry and Financial Markets Association (SIFMA) strongly supports the Chairman's Mark, substitute amendment, and Senator Charles Schumer's amendment to the "Industrial Bank Holding Company Act of 2008".

We appreciate that your draft recognizes the SEC's consolidated supervised entity oversight regime (CSE), which insures that industrial bank owners supervised by the SEC are not subject to duplicative holding company supervision. SIFMA believes that the CSE regime is robust and comprehensive. Importantly, the SEC's CSE oversight, like the Federal Reserve's oversight of bank holding companies, meets the European Union's equivalency standard. Similarly, the standards used by the SEC for purposes of consolidated regulation closely parallel the standards used by the Federal Reserve to assess whether a foreign regulatory regime qualifies as consolidated regulation for a foreign bank operating in the United States. It is important that this stature is reflected in your bill so that global securities firms are not damaged inadvertently.

SIFMA fully supports the ability of regulated securities firms to continue to own industrial banks. These institutions allow SIFMA member firms to provide much-needed banking services to their customers while posing no heightened safety and soundness risk. The industrial bank industry - comprised principally of deposits in banks operated by SIFMA member firms - has developed into one of the strongest and safest group of banks.

In addition, SIFMA strongly supports Senator Schumer's amendment addressing "change of control". This amendment concerns the issue of passive change of control for grandfathered industrial banks without disrupting the policy objective embodied in the legislation by providing that certain kinds of change in control – in particular circumstances in which the control presumption is successfully rebutted – would not trigger a loss of the grandfather.

We commend you for your vision and leadership on this important issue, and we stand ready to work with you as this legislation moves forward.

Regards,



Scott DeFife  
Senior Managing Director  
Government Affairs



Richard Hunt  
Senior Managing Director  
Government Affairs

cc: The Honorable Richard Shelby  
Ranking Member, Committee on Banking, Housing and Urban Affairs