March 25, 2014

Elizabeth M. Murphy, Secretary
Securities and Exchange Commission
100 F Street NW
Washington, D.C. 20549-1090

Re: Proposed Rule Amendments for Small and Additional Issues Exemptions under Section 3(b) of the Securities Act (File Number S7-11-13)

Dear Ms. Murphy:

The Independent Community Bankers of America (ICBA)[1] appreciates the opportunity to comment on the SEC's proposed rule amendments to Regulation A to implement Section 401 of the Jumpstart Our Business Startups (JOBS) Act. Section 401 of the JOBS Act added Section 3(b)(2) to the Securities Act, which directs the Commission to adopt rules exempting offerings of up to $50 million of securities annually from the registration requirements of the Securities Act.

Currently, Regulation A permits unregistered public offerings of securities up to $5 million in any 12-month period by eligible non-reporting companies. Eligible companies must file an offering statement (similar to a registration statement) with the SEC, which must be qualified by the SEC, and deliver an offering circular to prospective investors at least 48 hours before mailing the confirmation of sales. Financial statements are required to be included in the offering circular, but currently need not be audited unless audited financial statements are otherwise available.

Because of the dollar cap and other limitations, Regulation A is rarely used (i.e., from 2009 through 2012, there were only 19 qualified Regulation A offerings) and is not nearly as utilized as Regulation D. In 2012, there were 7,700 Regulation D offerings totaling about $7 billion, whereas there were only eight qualified Regulation A offerings for a total of about $34.5 million.

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[1] *The Independent Community Bankers of America®, the nation's voice for nearly 7,000 community banks of all sizes and charter types, is dedicated exclusively to representing the interests of the community banking industry and its membership through effective advocacy, best-in-class education and high-quality products and services.*

ICBA members represent more than 24,000 locations nationwide and employ more than 300,000 Americans, ICBA members hold more than $1.2 trillion in assets, $1 trillion in deposits, and $750 billion in loans to consumers, small businesses and the agricultural community. For more information, visit ICBA's website at www.icba.org.

ICBA's Comments

ICBA commends the Commission for its proposal which many attorneys refer to as Regulation A+. The proposal implements Section 401 by expanding Regulation A into two tiers: "Tier 1" for offerings of up to $5 million and "Tier 2" for offerings over $5 million and up to $50 million. The proposal would also modernize Regulation A in various respects relating to the filing and offering process that would apply to both Tier 1 and Tier 2 offerings. For example, the proposal would require that all Regulation A offering statements be filed electronically via EDGAR and would allow "electronic only" offerings to be made, provided that investors consent to electronic delivery of documents and information.

ICBA strongly supported the JOBS Act and believes that Regulation A+ will go a long way towards providing greater access to the capital markets for community banks and other small companies. Many community banks now use the exemption provided in Regulation D when raising capital. However, exempt offerings under Regulation D require accredited investors while a Regulation A+ offering can be made to any person. With the higher $50 million maximum offering limit and more relaxed standards towards investors, Regulation A+ will become a viable alternative to Regulation D.

Furthermore, Regulation A+ will give community banks another good choice for avoiding the costs of a registered public offering. Registered offerings entail initial and ongoing fixed costs that can weigh disproportionally on smaller companies and discourage them from raising capital. The proposed amendments to Regulation A will provide small issuers access to sources for capital unavailable through other offering exemptions without imposing the full registration and ongoing reporting requirements of a registered public offering.

ICBA encourages the SEC to increase the maximum offering size of a Tier 1 offering from $5 million to $10 million. While the Tier 2 reporting requirements are substantially less than Exchange Act reporting requirements, they are still significantly greater than what is required for an exemption from registration under existing Regulation A rules and those under Regulation D. The Tier 2 reporting requirements are also significantly greater than what is proposed to be required under Tier 1. Therefore, we believe that community banks would be more likely to use Regulation A if the maximum offering size of the Tier 1 offering was increased to $10 million, particularly because of the Tier 2 requirement that financial statements be audited by a PCAOB registered auditor. Furthermore, if the maximum offering size of Tier 1 remains at $5 million as proposed, we believe that there will not be many Tier 1 offerings, as has been the experience with existing Regulation A.

ICBA also encourages the SEC to increase or eliminate the proposed 10 percent investment limitation for Tier 2 offerings. We believe that preventing investors from investing more than 10 percent of the greater of their income and net worth in a Tier 2 Regulation A offering could limit capital formation, particularly for certain community banks trying to raise capital from existing shareholders. We would suggest either eliminating the requirement or raising the limit to 20 percent.

Conclusion

ICBA commends the SEC for modernizing and updating Regulation A. The proposal, if adopted, will provide community banks and holding companies greater access to the capital market at a time when the need for capital has never been greater. With the higher maximum offering limit, Regulation A+ will give community banks a viable alternative to Regulation D.

ICBA encourages the SEC to increase the maximum offering size of a Tier 1 offering from $5 million to $10 million and to increase or eliminate the proposed 10 percent investment limitation for Tier 2 offerings. Implementing both these changes would ensure greater utilization of Regulation A and better access to capital for community banks and other small companies.

ICBA appreciates the opportunity to comment on the SEC's proposed rule amendments to Regulation A to implement Section 401 of the JOBS Act. If you have any questions or would like additional information, please do not hesitate to contact me by email at Chris.Cole@icba.org or by phone at (202) 659-8111.

Sincerely,

/s/ Christopher Cole

Christopher Cole
Senior Vice President and Senior Regulatory Counsel