NATIONAL COMMUNITY REINVESTMENT COALITION

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VIA US MAIL AND ELECTRONIC DELIVERY

September 1, 2011

The Honorable Timothy F. Geithner
Secretary Oversight Council
Department of the Treasury
1500 Pennsylvania Avenue
Washington, DC 20220

The Honorable Martin Gruenberg
Acting Chairman
Federal Deposit Insurance Corporation
NW 550 17th Street, NW
Washington, DC 20429

The Honorable Ben S. Bernanke
Chairman
Board of Governors of the Federal Reserve System
20th Street and Constitution Ave
Washington, DC 20551

The Honorable Mary Schapiro
Chairman
Securities and Exchange Commission
NW 100 F Street, NE
Washington, DC 20549

The Honorable John G. Walsh
Acting Comptroller of the Currency
Office of the Comptroller of the Currency
250 E St. SW
Washington, DC 20219

The Honorable Gary Gensler
Chairman
Commodity Futures Trading Commission
1155 21st St. NW
Washington, DC 20581

The Honorable Ed DeMarco
Acting Director
Federal Housing Finance Agency
1700 G Street, NW
Washington, DC 20552

The Honorable Debbie Matz
Chairman
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

RE: CAPITAL ONE'S PROPOSAL TO ACQUIRE ING DIRECT AND HSBC'S US CREDIT CARD PORTFOLIO POSES EMERGING THREAT TO THE STABILITY OF THE FINANCIAL SYSTEM

Dear Secretary Geithner and members of the Financial Stability Oversight Council:

The stated purpose of the Financial Stability Oversight Council ("the Council") under Title I of the Dodd-Frank Wall Street Reform Act is to a) identify the risks to the financial stability of the United States; b) promote market discipline, by eliminating expectations that the Government will shield banks from losses; and c) respond to emerging threats to the stability of the US financial system.

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Ending "Too-Big-to-Fail" bailouts and protecting the American taxpayer were major goals of Dodd-Frank, as were improved accountability and transparency in bank regulation and protecting consumers from abusive financial practices. We believe these goals are threatened by Capital One's plan to acquire ING Direct and HSBC's credit card business, and that it is your duty to act.

Capital One's proposed purchase of ING Direct would combine two systemically risky firms to make the 5th largest depository in the United States. This deal cannot be separately considered from Capital One's intention to purchase HSBC's $30 billion US credit card portfolio, which would make Capital One the 4th largest credit card lender in the country. These acquisitions present cross-jurisdictional issues and an emerging potential threat to the stability of the US financial system. Those facts alone should cause the Council to act.

As a matter of simple math, the combination of two systemically important financial institutions constitutes an increase in systemic risk, contrary to claims by Capital One. Capital One has suggested the acquisition be primarily analyzed by a dangerous and antiquated measure of systemic risk: their share of national deposits. It was this insufficient standard that was in effect prior to the financial crisis, with disastrous effect.

Dodd-Frank requires systemic risk analysis when an acquisition occurs. That analysis requires regulators to weigh increased systemic risk against the public benefit. The law requires that if the benefit to the public is not found to outweigh the risks, the acquisition must be blocked. The Federal Reserve has not yet issued the rules interpreting the systemic risk standard, which we suggested they do before considering the application of Capital One.

In the absence of those rules, the Council must act to ensure that systemically risky firms do not grow without careful consideration of this Dodd-Frank provision. The Council has the ability to issue guidance to bank regulators to ensure a robust analysis of the public benefit versus the increase in systemic risk. Because the Capital One acquisition poses issues that cross regulatory jurisdictions, it is also necessary for the Council to act to ensure regulatory cooperation, and consideration of all facets of Capital One's dramatic growth.

If the Council does not act, it will set a dangerous precedent, reminiscent of a time pre-financial crisis, when all growth in the financial system was presumed to be advantageous to consumers, communities and the economy upon very little evidence.

Please, do not let history repeat itself.

Sincerely,

John Taylor
President & CEO
National Community Reinvestment Coalition