April 14, 2017

Thomas J. Curry
Comptroller of the Currency
Office of the Comptroller of the Currency
400 7th Street, SW
Washington, D.C. 20219
(By email to: specialpurposecharter@occ.treas.gov)

Re: OCC Comptroller's Licensing Manual Draft Supplement "Evaluating Charter Applications From Financial Technology Companies"

Dear Comptroller Curry:

Lending Club is pleased to have the opportunity to participate in the proposed guidance you have issued on "Evaluating Charter Applications From Financial Technology Companies."[1] The approach set forth, consistent with your earlier proposal opening a discussion on the subject,[2] is thoughtful and forward-looking. We appreciate the chance to share our perspective on the OCC Draft Supplement, which we hope will ensure that special purpose charters will be designed to enhance the public benefits of marketplace lending and ensure the impact on consumers and businesses fulfills its promise to them.

As we noted in our comment letter responding to the OCC White Paper,[3] Lending Club is the world's largest online credit marketplace, facilitating personal loans, auto loans and small business loans. Borrowers access lower interest rate loans through a fast and easy online or mobile interface. The loans are funded by a diverse array of investors. We operate fully online with no branch infrastructure and use technology to lower cost and deliver a seamless and transparent experience for our customers. We pass the cost savings to borrowers in the form of lower rates and investors in the form of attractive returns, helping people achieve their financial goals every day.

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[1] Comptroller's Licensing Manual Draft Supplement, *Evaluating Charter Applications From Financial Technology Companies*, *hereinafter* "Draft Supplement," OFFICE OF THE COMPTROLLER OF THE CURRENCY, Washington, D.C. (March 2017), *available at*: https://www.occ.gov/publications/publications-by-type/licensing-manuals/file-pub-lm-fintech-licensing-manual-supplement.pdf.

[2] *Exploring Special Purpose National Bank Charters for Fintech Companies*, *hereinafter* "OCC White Paper," Office of the Comptroller of the Currency, Washington, D.C. (December 2016), *available at*: https://www.occ.gov/topics/bank-operations/innovation/special-purpose-national-bank-charters-for-fintech.pdf.

[3] Lending Club, *Letter re: OCC White Paper "Exploring Special Purpose National Bank Charters for Fintech Companies," hereinafter* "January 17 Letter"(January 17, 2017), *available at*: https://www.occ.gov/topics/bank-operations/innovation/comments/comment-lending-club.pdf.

Our mission is to transform the financial system to make borrowing more affordable and investing more rewarding. We have facilitated nearly $25 billion in loans to more than 1.8 million individual and small business borrowers since our founding in 2006. These loans have saved consumers over $1 billion dollars[4] by helping them refinance expensive credit card debt into lower-rate term loans.

Executive Summary

The Draft Supplement is a strong document and clearly reflects thoughtful consideration of the public comments received in response to the OCC White Paper. Lending Club strongly supports the principles and, with only a few minor exceptions that we address in this letter, the details of the proposal. As we stated in our January 17 Letter, we believe that the special purpose charter will have unique benefits to support responsible innovation and that obtaining a special purpose national bank charter brings responsibilities alongside its privileges. We agree with the OCC that there must be a level playing field between special purpose charter fintech banks and traditional banks. The Draft Supplement goes a long way to establishing a regime that upholds these principles.

The OCC should, however, consider taking further steps to support responsible innovation. In particular, the OCC should enhance its consumer protection and financial inclusion expectations of special purpose charter banks in a manner consistent with the principles we outlined in our January 17 Letter in order to ensure they serve the public purpose. While always being mindful of any risks to the financial system and its users, the OCC should be wary of imposing capital and liquidity requirements, or business plan restrictions that could hamper the ability of special purpose fintech banks to innovate in line with the rapid pace of technological change.

As it considers certain tweaks to its approach described below, the OCC should now begin the process for evaluating charter applications. By some historical measures, the post-financial crisis recovery in the U.S. has been lukewarm.[5] Many commentators suggest that a key driver of this tepid recovery has been underwhelming lending volume causing difficulties for individuals and small businesses to have

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[44] Based on responses from 14,986 borrowers in a survey of 70,150 randomly selected borrowers conducted from July 1, 2014—July 1, 2015, borrowers who received a loan to consolidate existing debt or pay off their credit card balance reported that the average interest rate on outstanding debt or credit cards was 21.8% and average interest rate on loans through Lending Club is 14.8%. Lending Club determined a total payment the borrower would have made if they had paid off their credit card or debt in the same term as would correspond to the loan through Lending Club. Lending Club then compared that to what borrowers would pay in interest and origination fee on a loan through Lending Club repaid on schedule. *Hereinafter*, the "LC Borrower Survey."

[5] *See* Larry Summers, *Reflections on the 'New Secular Stagnation Hypothesis,' in* SECULAR STAGNATION: FACTS, CAUSES AND CURES (ed. Coen Teulings and Richard Baldwin; CEPR, 2014) at p. 27-28, figure 1a (depicting the gap between actual and potential output for the U.S.), *available at*: http://scholar.harvard.edu/files/farhi/files/book_chapter_secular_stagnation_nov_2014_0.pdf. *See also* Dimitri B. Papadimitriou, Michalis Nikiforos and Gennaro Zezza, *Strategic Analysis: Destabilizing an Unstable Economy*, LEVY ECONOMICS INSTITUTE OF BARD COLLEGE (March 2016), at p. 1 ("This has been by far the slowest recovery in the postwar history of the United States."), *available at*: http://www.levyinstitute.org/pubs/sa_mar_16.pdf.

access to necessary credit.[6] For example, while there are significant gaps in data availability, by some measures small business credit origination is still down 18% against its 2008 peak.[7] Fintech lenders provide alternative sources of credit to borrowers facing persistent credit gaps, which have only continued to grow in the wake of the financial crisis. The special purpose national bank charter provides another means through which to facilitate increased lending volume, responsibly, as the economy remains in need for more credit. Importantly, it does so without removing any options currently available to lenders who wish to serve these markets.

1. The OCC Should Proceed to Evaluate Charter Applications Because Financial Technology Companies Provide Alternative Sources For Much Needed Credit

Financial technology lenders can play a role in addressing financing gaps faced by consumers and small businesses. Technology has enabled marketplace and online lenders to reduce cost through process improvements, the ability to operate without a branch network and the automation of tasks that remain highly manual at most traditional banks. As we mentioned in our January 17 Letter, Lending Club's technology-based platform enables a loan approval to be processed with accuracy and speed, and our lower operating cost ratio enables the Lending Club platform to facilitate loans at a lower rate or to borrowers that a traditional bank may deem to be unprofitable, such as smaller sized loans that underserved borrowers more often require.[8] The minimum loan through the Lending Club platform is $1,000 for consumer loans and $5,000 for business loans.[9]

The benefits to customers of our low-cost technology-based model are furthered by the use of excellent credit risk technology. Our partnering bank's credit risk model is able to evaluate credit risk twice as effectively as generic scores provided by major consumer reporting agencies.[10] Low costs and effective risk modeling enable Lending Club to provide lower rates, and sometimes to reach borrowers that traditional lending approaches do not. For example, Lending Club has entered into partnerships with other financial institutions that are designed to deliver affordable credit to underserved, low- to moderate income borrowers.[11] Small business loans originated through our platform have nearly double representation of minority-owned businesses.[12]

[6] *See* Karen Gordon Mills and Brayden McCarthy, *The State of Small Business Lending: Innovation and Technology and the Implications for Regulation*, *hereinafter* "State of Small Business Lending," Harvard Business School (December 2016), *available at*: http://www.hbs.edu/faculty/Publication%20Files/17-042_30393d52-3c61-41cb-a78a-ebbe3e040e55.pdf.
[7] *Id*. at 29 (citing to FDIC Call Report data).
[8] *See* January 17 Letter at p. 12 & footnote 18.
[9] *Id*. at p. 11.
[10] Based on a comparison of the currently deployed model on the platform to industry generic scores such as FICO utilizing the Kolmogorov–Smirnov test, an industry standard measure of the effectiveness of a risk model.
[11] Defined as borrowers whose reported adjusted household income is less than 80% of the median income of their zip code and live in majority or greater low to moderate income census tracts as of June 30, 2015.
[12] Based on Bayesian Improved Surname Geocoding analysis of Lending Club business loan borrowers, benchmarked to 14.6% representation of minority-owned businesses in traditional retail bank loans as per

The innovations in technology and business model allow Lending Club to focus on market gaps that are underserved by traditional lenders. Three examples from among Lending Club's loan products are: personal loans, small business loans and auto financing loans. In each case, Lending Club addresses a market gap that result from conflicts in incumbent lenders' business models, and where Lending Club developed a way to serve customers better.

Personal Loans

Lending Club's business model enables us to fill gaps that have existed in consumer credit markets. Over 60% of borrowers on Lending Club's platform report using their personal loan to pay off an existing loan or credit card balance and report that the interest rate on their Lending Club loan was an average of 5 percentage points lower than they were paying on their outstanding debt or credit cards,[13] giving consumers a critical alternative to high-interest credit card debt favored by traditional banks. Personal loans originated through our public platform have an average rate of 14.21%,[14] fixed rate, no hidden fees and transparent disclosures with all terms disclosed upfront in a manner that is easy for borrowers to understand and plan for. Incumbent lenders, such as credit card issuing banks, restricted their offering of similar personal loans which would have eaten into credit card profits, missing an opportunity to help people reduce the cost of credit card debt. From 2007 to 2014, the volume of personal lending fell 44%.[15] A business model conflict prevents them from reducing the rates on their own portfolios, as this would eat into their own profits. Other incumbent consumer credit lenders are likely burdened with legacy technology and higher operating costs, which prevent them from offering the lower rates available on Lending Club products.

Small Business Loans

In small business lending, Lending Club addresses the great unmet need small businesses are experiencing for affordable, responsible small business loans. Our analysis suggests 71% of small business borrowers through Lending Club were not otherwise accessing affordable capital.[16] Traditional lenders have struggled to provide the small loans that Main Street businesses require. The challenge of high operating cost and lack of scalable technology presents a significant barrier in the small business loan market, where incumbent lenders do not underwrite and process loans as efficiently as marketplace

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Lichtenstein, Jules, "Demographic Characteristics of Business Owners," SBA Office of Advocacy, Issue Brief Number 2, January 16, 2014), *available at*: https://www.sba.gov/sites/default/files/Issue%20Brief%202,%20Business%20Owner%20Demographics.pdf

[13] Based on responses from 6,279 borrowers in a survey of 95,998 randomly selected borrowers conducted from 1/1/16 - 12/31/16. Borrowers who received a loan to consolidate existing debt or pay off their credit card balance reported that the interest rate on outstanding debt or credit cards was 20% and average interest rate on loans via Lending Club is 15.1%.

[14] As of quarter ending December 31, 2016 for the Lending Club Standard personal loan products.

[15] Source: Equifax data

[16] Lending Club survey of 242 business loan borrowers who took out a loan between March 2014 and March 2016, conducted April 2016. This includes borrower who applied for other offers but were not approved, did not apply for other offers, or considered financing offers from other online lenders or merchant cash advance. It does not include borrowers who considered loan offers from banks or "other" types of lenders.

lenders such as Lending Club.[17] Small businesses face high rates of credit denials, [18] and many small businesses receive none or less than 50% of the amounts requested.[19] Other studies confirm our experience: despite their importance to job creation and economic growth, small and micro businesses suffer from a gap in small dollar loan financing, particularly for loans less than $50,000, which are the loan sizes that most small businesses are seeking.[20] Predominantly minority census tracts are typically the hardest hit by these financing gaps.[21]

And in the absence of adequate lending by traditional banks, many small businesses are following un- and under-banked consumers in turning to alternative credit products that are increasingly subject to criticism.[22] For businesses stuck between difficulty accessing capital from traditional banks on the one hand and irresponsible non-bank lending on the other, Lending Club provides a solution. For businesses that could qualify for a traditional bank loan, we seek to offer similar rates, but provide capital in days instead of weeks or months. For the many small businesses unserved by traditional banks and instead considering very high-cost, short-term capital with APRs often above 50% and as high as 354%,[23] Lending Club seeks to provide fast, easy access to capital at a fraction of the price, and a more affordable, responsible product structure.

Auto Loans

In auto lending also, it is marketing channel conflicts that have precluded incumbent lenders from better serving customers. Auto loans originated by captive or indirect lenders at the request of auto dealers may contain hidden and sometimes discriminatory dealer markups. [24] Despite only recently

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[17] Nor are alternative business finance companies as affordable or transparent in their terms as most credit marketplaces.

[18] *See* Jacob J. Lew, Secretary of the Treasury, Remarks on Growing America's Small Businesses at the Capital Access Innovation Summit (June 10, 2013) ("Every day, thousands of small businesses and entrepreneurs struggle to get a loan. In fact, in 2011 alone, roughly 8,000 small and micro businesses sought credit each day and were denied. That is more than 2 million businesses a year."), *available at*: https://www.treasury.gov/press-center/press-releases/Pages/jl1979.aspx.

[19] State of Small Business Lending at p. 27; *see also* Claire Kramer Mills, *2015 Small Business Credit Survey: Report on Employer Firms*, FEDERAL RESERVE BANKS OF NEW YORK, ATLANTA, BOSTON, CLEVELAND, PHILADELPHIA, RICHMOND AND ST. LOUIS (March 2016), at p. 15, *available at*: https://www.newyorkfed.org/medialibrary/media/smallbusiness/2015/Report-SBCS-2015.pdf.

[20] For both the importance of small businesses to economic growth and the gap in loans less than $250,000 available for small businesses, *see* State of Small Business Lending.

[21] *See* Spencer M. Cowan, 'Patterns of Disparity: Small Business Lending in the Chicago and Los Angeles-San Diego Regions,' WOODSTOCK INSTITUTE (January 2017), at pp. 19-24 (analyzing Community Reinvestment Act-reported data for loans under $100,000 in the Chicago, San Diego and Los Angeles regions), *available at*: http://www.woodstockinst.org/sites/default/files/attachments/Patterns%20of%20Disparity.pdf.

[22] *See*, *e.g.*, Tim St. Louis, Eric Weaver, Gwendy Donaker Brown and Caitlin McShane, *Unaffordable and Unsustainable: The New Business Lending on Main Street*, OPPORTUNITY FUND (May 2016), *available at*: http://www.opportunityfund.org/assets/docs/Unaffordable%20and%20Unsustainable-The%20New%20Business%20Lending%20on%20Main%20Street_Opportunity%20Fund%20Research%20Report_May%202016.pdf.

[23] See *Unaffordable and Unsustainable: The New Business Lending on Main Street*, OPPORTUNITY FUND (May 2016)

[24] Dealers are twice as likely to add markups to loans of African Americans than to comparable loans of White borrowers. African Americans are routinely charged 2x to 4x higher markups. Stuart Rossman, *The Data Is Clear:*

expanding into auto finance Lending Club is already seeing success in helping borrowers refinance into loans at lower rates, saving borrowers on average approximately $1,500 as a result.[25] The difference lies in the level of transparency and use of risk based pricing that Lending Club is able to employ in our offers to borrowers. These features enable consumers to fully understand the terms of our loans and to clearly see the benefit that refinancing with Lending Club will bring to them. By contrast, traditional auto lenders' relationships with dealers give rise to a critical marketing channel for their loan originations. This disincentivizes them from directly marketing or offering financing options to consumers that might jeopardize their dealer partners' margins.

Innovations like these demonstrate how utilizing new technologies and business models opens new opportunities to make capital more affordable and available to borrowers. The tremendous volume of loan originations we see on our platform and the continued growing demand for the product by both borrowers and investors demonstrates that marketplace platforms are addressing gaps in the market where customers' needs are not being met.

2. **The Special Purpose Charter Adds a Channel For Enhancing Access To Credit And Could Encourage Further Innovation**

As we explained in our January 17 Letter, marketplace platforms currently operate through one of two frameworks: (1) direct lending from the platform, as the lender, to the consumer or small business, which typically requires state-by-state licensing; or (2) in partnership with an issuing bank, in which a platform performs certain services to facilitate the loan and the partnering bank is responsible for origination.[26] Further, platforms can also choose to obtain a full-service traditional banking charter from a state or the OCC, subject to regulatory approvals. Regardless of the framework through which a marketplace platform operates, significant regulatory oversight currently exists at both state and federal levels. We applaud the OCC for acknowledging the importance of these options and for clarifying that the Draft Supplement is "not intended to discourage these other ways of conducting business."[27]

We encourage the OCC to acknowledge that the existence of the special purpose charter also does not prevent the different states from developing their own innovation-promotion regimes. The OCC should be clear that it does not seek to preempt state experimentation based on the principles of federalism inherent in the dual banking system. For example, states or groups of states could:

Auto Lenders Discriminate, U.S. NEWS & WORLD REPORT (November 17, 2015), *available at*: http://www.usnews.com/opinion/economic-intelligence/2015/11/17/dont-let-congress-weaken-oversight-of-discriminatory-auto-financing.

[25] Dealers add an average of ~1.01% to the cost of the loan for new vehicles and ~2.91% for used vehicles. This adds hundreds of dollars to the cost of a loan by the end of its term. 79% of consumers surveyed were not aware dealers could mark up rates without their consent. *The State of Lending in America and its Impact on U.S. Households*, CENTER FOR RESPONSIBLE LENDING p. 71 (December 8, 2012), *available at*: http://www.responsiblelending.org/state-of-lending/State-of-Lending-report-1.pdf.

[26] *See* January 17 Letter, pp. 5-7.

[27] Draft Supplement at p. 2.

- develop a ‘passporting’ regime whereby states within the regime would recognize the rules of another state for fintech companies organized in that other state and operating within their jurisdictions;
- establish commissions or conferences with the goal of developing model rules that individual states could then adopt as part of their legislative function;
- expand on, or replicate, the Nationwide Multistate Licensing System & Registry to unify and lessen the burdens associated with the licensing process for fintech companies seeking to obtain lending or other financial service licenses in various state jurisdictions; and
- issue their own non-depository charters to fintech companies.

The OCC should not discourage states from undertaking such efforts, which could encourage even greater levels of innovation and regulatory competition, in turn spurring even greater levels of technological innovation in financial services.

3. Ensuring The Special Purpose Charter Supports Responsible Innovation

Borrower Protection Conditions

We applaud the OCC for its support for consumer protection commitments in proposing to condition the approval of any special purpose charter on business plans that ensure that the lending services made available are responsible. [28] However, we believe the OCC should go further in its expectations of special purpose charter recipients in order to ensure that the special purpose charter remains a “high road” approach that closes gaps in consumer protections, such as those afforded to small business borrowers, and does not create a “back door” to skirt consumer protection requirements. In particular, we urge the OCC to (1) address the gap the OCC has identified in protections for small business borrowers through the charter application process by applying the recommendations of the Responsible Business Lending Coalition based on the *Small Business Borrowers’ Bill of Rights*, as described in the Coalition’s recent comment letter to the OCC,[29] and (2) consider limiting lending activities under a special purpose charter to rates of 36% APR or less. [30] These measures could be imposed as special conditions directly in the preliminary approval letter and/or through an operating agreement enforceable after a

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[28] *Id*. at pp. 6-7.
[29] *Available at*: https://www.occ.gov/topics/responsible-innovation/comments/comment-responsible-business-lending.pdf
[30] *See* January 17 Letter at pp. 8-10 for further elaboration of these measures (noting that (1) consumer protection measures do not afford protections to small business borrowers and that protections contained in the Small Business Borrowers’ Bill of Rights developed by the Responsible Business Lending Coalition could address this gap; and (2) preemption of state rate caps, a valuable policy choice widely adopted among the states, could be meaningfully respected by imposition of a 36% APR rate cap).

special purpose fintech bank opens for business.[31] These measures would enable the OCC to ensure that the privileges of a national banking charter are granted only in the public interest and to institutions that are capable of meeting the obligations and responsibilities attending a national bank charter.

Financial Inclusion Conditions

We are pleased the OCC has highlighted the benefits that technology platforms can provide in increasing financial inclusion and seeks to ensure that business plans incorporate financial inclusion principles. [32] Further, the Draft Supplement states that the OCC will utilize multiple factors to review the adequacy of the FIP.[33] Nevertheless, the OCC's proposals could go further in requiring special purpose charter applicants (and recipients) to demonstrate contributions to public purpose through financial access, safety and health. As we noted in our January 17 Letter, as the finance industry develops beyond traditional banking models, the OCC must ensure that the three goals underlying the Community Reinvestment Act of 1977 ("CRA") are not eroded.[34] In particular, we urge the OCC to include other factors in its review of the FIP, including:

- whether the products offered in the FIP serve a broad range of borrowers in the community, including low- and moderate-income borrowers;
- whether the business plan contemplates service of a national geographic market and whether improvements could be made to the FIP to ensure even geographical distribution of financial inclusion;
- whether the products offered meet not only the needs of the target market identified by the applicant but whether the target market and its identified needs are defined in a manner so as to help address the financial system's persistent financial inclusion challenges;
- how the strategies proposed in the FIP contribute to community investment and community development; and
- how the products and services offered not only comply with law and regulations but contribute to the financial health of the customers that use them.

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[31] This approach would mirror the one proposed by the OCC with respect to bank operation safeguards. *See* Draft Supplement at pp. 14-15.
[32] *Id*. at p. 4.
[33] The Draft Supplement lists the following factors: the applicant's ability, efforts and commitment to meet various community needs; whether the applicant's policies, procedures and practices will ensure fair and nondiscriminatory activities, full disclosure of terms and conditions and compliance with laws and regulations; what strategies (including investments, partnerships, ongoing outreach and collaborations) it will use to accomplish financial inclusion objectives, including expected participation in government loan programs for housing, small business, community development or small firms; and other factors as appropriate. *Id*. at pp. 21-22.
[34] The three goals are: financial access, financial safety and financial health. *See* our January 17 Letter for a comprehensive discussion of these goals and how they can be achieved by special purpose charter recipients at pp. 10-13.

Finally, we appreciate the OCC's support for principles of transparency and public responsiveness in requiring that the FIP be included in a special purpose charter applicant's public file during the 30-day comment period following publication of the notice announcing the filing of the charter application.[35] Such a requirement serves both to ensure that the chartering process avoids arbitrariness and unpredictability and recognizes the importance of public input into ensuring the success of the FIP and its responsiveness to community needs.[36] However, the OCC should also recognize that its review and assessment of the FIP may benefit from or require receipt of sensitive business information. For this reason, we encourage the OCC to incorporate a process whereby a special purpose charter applicant and recipient may submit additional information to the OCC on a confidential basis so long as the FIP itself remains public.[37]

4. <u>Safety and Soundness and Supervision Requirements</u>

Capital and Liquidity Requirements

We applaud the OCC for recognizing that the oversight of safety and soundness of special purpose national banks, as with all banks, begins with minimum capital and liquidity standards. We are also pleased to see the OCC's willingness to acknowledge that these standards should be tailored closely to the business model of the individual applicant.[38] These laudable safety and soundness protections must be tailored to each individual applicant so as not to deter innovation. As described in our January 17 Letter, marketplaces operate a "matching" asset-liability business funded by a diverse class of investors with a broad range of credit risk appetites that we strongly believe offers improvements to systemic risk management and financial stability.[39] Our originating bank retains an ongoing economic interest in the loans sold on our platform, aligning underwriting standards with the interests of investors. Given the inherent stabilizing aspects of this model, the functional purpose of capital and liquidity requirements for these types of applicants should be to (i) ensure the marketplace can continue operations through temporary disruptions and (ii) execute an orderly resolution plan to transfer serving to a backup servicer.[40] Keeping this in mind, we believe it is critical to calibrate capital and liquidity requirements to conform to the risk that a particular special purpose charter applicant would pose to the banking and financial system.

Dynamic And Innovative Business Models

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[35] Draft Supplement at pp. 5-6 & 9, footnote 26.
[36] We further congratulate the OCC for recognizing that "outreach to interested community and consumer groups may be particularly helpful in determining…community financial needs." *Id*. at 20.
[37] This would parallel the treatment of supplemental confidential information submitted as part of the OCC's assessment of CRA strategic plans under 12 C.F.R. § 25.27(f)(2).
[38] Draft Supplement at pp. 11-12.
[39] *See* January 17 Letter at 14-16 (noting how "runs on the bank" and risks to the Deposit Insurance Fund are reduced and potentially eliminated with marketplace platforms as opposed to balance sheet lending models).
[40] *Id*. at 16.

We also strongly support the OCC's position that "fintech companies vary widely in their business models and product offerings"[41] and applaud the OCC for recognizing special purpose charters will be issued to "technology-dependent businesses" who will need to frequently revise their business plans.[42] For this reason, we believe that changes to the business plan that do not violate critical consumer, operational or financial inclusion protections in the operating agreement should benefit from a flexible and expedited review process in order to ensure that business models will be able to remain competitive in a rapidly changing environment.

Finally, we reiterate our view that we do not believe that applicants who will not accept deposits should be required to adhere to the growth caps applicable to such institutions, and we urge the OCC to acknowledge that businesses that do not require a deposit base (such as marketplace lending platforms raising capital through securities offerings and institutional funding) are able to grow more quickly in a safe and sound manner and without risk to the Deposit Insurance Fund.

Thank you for the opportunity to comment on this important initiative. We remain available to provide additional input or answer any questions regarding our comment letter. Please do not hesitate to reach out to me directly at 202-772-3170 or by email at rneiman@lendingclub.com. We look forward to the continued progress of the OCC's support for responsible innovation.

Sincerely,

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Richard H. Neiman
Head of Regulatory & Government Affairs
Lending Club

[41] OCC White Paper at p. 2.
[42] Draft Supplement at p. 12.