INDEPENDENT COMMUNITY
BANKERS of AMERICA®

July 24, 2012

Mr. Ben Bernanke
Chairman
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

Mr. Martin J. Gruenberg
Acting Chairman
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

Mr. Thomas J. Curry
Comptroller
Office of the Comptroller of the Currency
250 E Street, SW
Washington, DC 20219

Re: Proposed Rulemaking on Minimum Regulatory Capital and the Standardized Approach for Risk-weighted Assets

Dear Sirs:

The Independent Community Bankers of America (ICBA)[1] hereby requests an extension of 90 days for the comment period ending on September 7, 2012 related to the joint

[1] The Independent Community Bankers of America®, the nation's voice for more than 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.

With nearly 5,000 members, representing more than 23,000 locations nationwide and employing more than 280,000 Americans, ICBA members hold more than $1.2 trillion in assets, $1 trillion in deposits, and $700 billion in loans to consumers, small businesses and the agricultural community. For more information, visit ICBA's website at www.icba.org.

proposed rulemakings on minimum regulatory capital and the standardized approach for risk-weighted assets titled *Regulatory Capital Rules: Regulatory Capital, Implementation of Basel III, Minimum Regulatory Capital Ratios, Capital Adequacy, Transition Provisions, and Prompt Corrective Action* and *Regulatory Capital Rules: Standardized Approach for Risk-Weighted Assets; Market Discipline and Disclosure Requirements.* The size, scope, and impact of these proposals represent a challenging obstacle for community banks and are presented for review at a time of extensive economic difficulty for both the domestic and global economy. The precise changes to the levels of community bank regulatory capital by these proposals, with their radical impact on definition and calculation methodologies, present complex questions and challenges that prevent banks from quickly and easily understanding the regulatory framework and its impact on community banks and the communities they serve.

For example, the proposals seek to redefine the components of core regulatory capital by focusing on common equity including accumulated other comprehensive income (AOCI). As you are well aware, AOCI captures unrealized gains and losses on certain investment securities and has the potential to demonstrate extensive volatility depending on the sensitivities of bank security portfolios to changes in interest rates and credit spreads. Community banks will need to conduct an extensive sensitivity analysis on these investment securities to understand the potential impact of inclusion of unrealized gains and losses on their minimum regulatory capital levels. In addition, these challenges are amplified by the fact that interest rates are at historical lows setting the stage for future capital level declines in an eventual rising interest rate environment.

Additionally, risk weights for residential mortgage assets will further deplete capital levels by requiring additional capital cushions for certain residential mortgage loans that do not fit within a narrow definition of assets qualifying for preferable treatment. Both ICBA and community banks will need to conduct a thorough analysis of residential loan portfolios to understand which assets will fall within the associated residential loan categories and how their classification will impact future capital levels. Further complicating the Basel III review process is the fact that the CFPB has proposed complex rules regarding mortgage disclosures which will take time to review and solicit feedback from ICBA members that actively engage in the origination and servicing of mortgages.

By asking for a 90 day extension of the comment period, ICBA feels that community banks will be able to further study the proposals and assess their impact on bank balance sheets, ownership structures, general operations, and systems capabilities. Without an appropriate extension of the proposals to allow for robust analysis of such a complex rulemaking, all banks are exposed to heightened risks in capital adequacy, mission, and operational integrity.

ICBA urges you to reassess the practicality of the comment period for the proposals and what challenges the brief review process would create for community banks. If you have any questions or would like additional information, please do not hesitate to contact James Kendrick, Vice President, Accounting and Capital Policy at (202) 659-8111 or james.kendrick@icba.org.

Sincerely,

/s/

Camden R. Fine
President and CEO

cc: Elizabeth A. Duke, Federal Reserve Board Governor