



October 22, 2012

The Honorable Ben Bernanke
Chairman
The Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, D.C. 20429

The Honorable Tom Curry
Comptroller
Office of the Comptroller of the Currency
250 E. Street, S.W.
Washington, D.C. 20219

The Honorable Martin J. Gruenberg
Acting Chairman
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, D.C. 20429

Dear Chairman Bernanke, Comptroller Curry, and Chairman Gruenberg:

Thank you for the opportunity to voice our concerns regarding the Basel III proposals that were recently issued for public comment by the Federal Reserve Board, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation (collectively, the "Agencies").

The Tennessee Bankers Association ("TBA") represents 100 percent of the 230 banks operating in the state – from the largest national banks to small community banks. We are a united industry in Tennessee and believe that our conservative approach to banking with the proper amount of regulation have contributed to the success our member banks have achieved and their ability to weather the most recent recession and troubles our industry has faced.

While we strongly support strong capital requirements that will promote a sound and stable banking environment, we are deeply concerned over the Basel III proposals that were developed for the global banking system. We believe Basel III's complex capital requirements and "one-size-fits all" approach would only serve to increase costs for our member banks, reduce credit availability for Tennessee consumers and force consolidation among our community banks.

Tennessee's community banks are already experiencing significant challenges as a result of the economic crisis and subsequent financial reform laws and regulations. Many are struggling with the financial burden alone of complying with all of the regulations that have come down in recent years, and there are many more regulations to come under the Dodd-Frank Act. I am confident that our member banks can, and will, meet these challenges, but it will not be easy.



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To impose additional capital regulations, especially ones as complex as the ones in Basel III, however, could seriously jeopardize their ability to continue and prosper.

We understand that the Basel III proposals are intended to prevent a future financial crisis, and we support any efforts that will do so without imposing unnecessary burdens on the banking system. I am sure you have heard from many of our member banks citing specific examples of the dramatic impact Basel III will have on their respective institutions.

TBA would urge you to strongly consider withdrawing the Basel III proposals or at least re-propose ones that will not subject our community banks to the same standards as global financial institutions and will allow them to continue serving communities across Tennessee.

Sincerely,

Brad Barrett
President
Tennessee Bankers Association