

Congress of the United States
Washington, DC 20515

January 3, 2014

The Honorable Ben S. Bernanke
Chairman
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, D.C. 20051

The Honorable Thomas J. Curry
Comptroller of the Currency
250 E Street, SW
Washington, D.C. 20219

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

Dear Chairman Bernanke, Comptroller Curry, and Chairman Gruenberg:

We are writing in regard to an apparent unintended consequence of the recently finalized rules implementing Section 619 of the Dodd-Frank Act, commonly referred to as the Volcker rule. It has come to our attention from numerous community banks in Arkansas—the type that played no role in causing the 2008-09 financial crisis—that the Volcker rule's treatment of Collateralized Debt Obligations (CDOs) backed by Trust Preferred Securities (TruPS) could have an adverse impact on these banks' accounting of capital and earnings.

While we appreciate your joint press release of December 27, 2013, pledging additional review of this provision and further guidance to be issued by January 15, 2014, it is nonetheless distressing that such negative externalities could threaten the viability of small financial institutions on which so many communities in Arkansas and across the country depend. We echo the alarm of the banking industry associations as communicated to you last month.

It is our hope that your forthcoming re-treatment of the issue is premised on the acknowledgment that community banks didn't cause the financial crisis and weren't supposed to be harmed by the Volcker Rule.

Thank you in advance for your consideration.

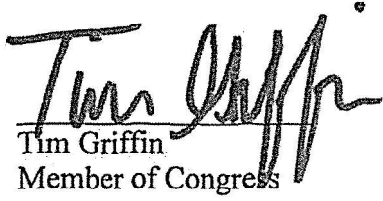
Sincerely,

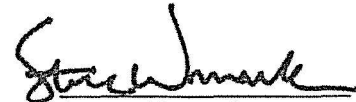


Tom Cotton
Member of Congress



Rick Crawford
Member of Congress


Tim Griffin
Member of Congress


Steve Womack
Member of Congress