

United States Senate

December 19, 2013

The Honorable Thomas Curry
Comptroller of the Currency
Office of the Comptroller of the Currency
400 7th Street, SW
Washington, D.C. 20219

The Honorable Ben S. Bernanke
Chairman
Board of Governors of the Federal Reserve
System
20th and C Streets, NW
Washington, D.C. 20551

The Honorable Martin J. Gruenberg
Chairman
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, D.C. 20552

Dear Comptroller Curry, Chairman Gruenberg, and Chairman Bernanke:

I write to you today to express concerns regarding the treatment of Trust Preferred Securities (TruPs) in the recently finalized Volcker rule. As written, the rule could cause inadvertent and immediate harm to community banks, thereby endangering consumer lending and the well-being of these financial institutions. I ask that you promptly resolve this issue and provide clarity in advance of the year's end, when accounting standards will force banks to write down expected losses from the newly required future liquidation of TruPs.

I appreciate your hard work in drafting and implementing the final rules required by Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. The new rules will help prevent U.S. banks from engaging in risky proprietary trading with consumer deposits. However, requiring banks, including community banks, to immediately account for divesting TruPs would result in significant damage to capital levels and community investment. The effect on Indiana alone will be significant. Sixteen Hoosier banks will be impacted, resulting in \$60 million in losses that could otherwise be used for lending to spur continued economic growth in communities across the state.

Community banks were not responsible for the economic recession and should not be unduly punished in the regulatory correction. As you acknowledged in the *Volcker Rule: Community Bank Applicability*, the "Final Rule is designed to place minimal burden on community banks given the nature of their activities." I strongly urge you to revisit this issue and immediately offer guidance to prevent damage to local banks, which serve as the financial bedrock of communities across Indiana and the nation. Thank you for your immediate attention.

Sincerely,


Joe Donnelly
United States Senator