



August 3, 2012

Jennifer J. Johnson, Secretary  
Board of Governors of the Federal  
Reserve System  
20th Street and Constitution Avenue,  
N.W. Washington, D.C. 20551

Robert E. Feldman  
Executive Secretary  
Attention: Comments/Legal ESS  
Federal Deposit Insurance Corporation,  
550 17th Street, N.W.  
Washington, D.C. 20429

Office of the Comptroller of the Currency  
250 E Street, SW  
Mail Stop 2-3  
Washington, DC 20219

Re: Basel III Capital Proposals

Ladies and Gentlemen:

I am writing to request an extension on the comment period for the Basel III proposals<sup>1</sup> that were recently approved by the Federal Reserve Board, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation.

Circle Bank is a \$325 million community institution in Marin County, California. These proposals would have a significant impact on the nature of financial services in the United States, including for our bank. Due to the broad scope of the proposals and their applicability to all business lines across all banks, we need sufficient time to evaluate the operational complexities of the proposals and understand their significant impact.

Circle Bank has managed well through the financial crises beginning in 2008, posting its 52<sup>nd</sup> consecutive quarter of profitability in June 2012. As a community bank serving the San Francisco Bay Area, with a concentration in multi-family, commercial and entry level housing to young professionals through our fractional tenant-in-common loan programs, our entire loan portfolio is affected by these proposed regulations. To the extent that we have to impute discounts to our capital, this will only reduce our ability to serve our local markets and may cause us to disengage from certain types of loan programs.

I attended the FDIC's San Francisco Region Bankers' Forum Information Session on Proposed Capital Rules on August 1<sup>st</sup> and was flabbergasted at the amount of loan portfolio stratification that will be required in order to perform the required calculations. In addition to the human capital resources that will be required to monitor and remain in compliance with these new regulations, significant resources will be required to modify our MIS systems, which, as a smaller community bank, represent a disproportionate

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<sup>1</sup> The proposals are titled: *Regulatory Capital Rules: Regulatory Capital, Implementation of Basel III, Minimum Regulatory Capital Ratios, Capital Adequacy, and Transition Provisions; Regulatory Capital Rules: Standardized Approach for Risk-weighted Assets; Market Discipline and Disclosure Requirements; and Regulatory Capital Rules: Advanced Approaches Risk-based Capital Rules; Market Risk Capital Rule.*

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financial burden. It would seem to me that at a minimum, a “safe harbor” for community banks less than \$1 billion in assets, be considered.

In the meantime, we are concerned that the comment period, scheduled to end on September 7, 2012, does not provide sufficient time to examine adequately the implications and impact of the proposals and to provide comments reflecting the information that the regulators will need to make fully informed judgments.

I, therefore, respectfully request that the banking agencies consider extending the current September 7, 2012, comment period deadline for at least an additional 90 days.

Sincerely,



Kimberly Kaselionis  
Chairman/Chief Executive Officer