

From: F&M Bank, Dean Cox  
Proposal: 1442 (RIN 7100-AD 87) Regs H, Q, & Y Regulatory Capital Rules  
Subject: Regs H & Y Regulatory Capital Proposals

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Comments:

As you are considering issuing the final guidance on the Basel III, I urge you to consider that "not all banks are the same". Instituting this proposal will create an additional burden on small banks with limited resources and tight budgets.

Farmers & Merchants Savings Bank currently is at \$335 mil in assets and with a team of 61 FT employees. All performance measurement ratios of the bank meet or exceed the state and national averages of our peers.

The additional burden of understanding these complex guidelines, along with the collection and compiling of the data required for this calculation, may require the hiring of additional staff - not to mention the time involved of other key employees. It will negatively affect our efficiencies and the overall financial performance of the bank.

The bank is already having to deal with the increased regulatory burden of Community Reinvestment Act, HMDA, and the new Dodd-Frank Act that has a host of increased regulatory burdens that will be hitting by year end. The increased regulatory burdens not only hamper the response time to borrowers but also increases the interest rate to help offset the increase in overhead expenses tied to complying with all the regulations that banks are now required to comply to. This all translates to more costs to the borrower.

I urge you to reconsider implementing this proposal all together, or at the minimum, exempt smaller institutions from this requirement.

Dean Cox  
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