

From: Commercial State Bank, Michael L. Frei
Proposal: 1442 (RIN 7100-AD 87) Regs H, Q, & Y Regulatory Capital Rules
Subject: Regs H & Y Regulatory Capital Proposals

Comments:

October 10, 2012

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

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

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

Re: Basel III Capital Proposals

Ladies and Gentlemen:

Thank you for the opportunity to provide comment on the Basel III proposals[1] 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.

Commercial State Bank is a 130 million dollar bank located in rural south eastern South Dakota. Under the proposed Basel III regulations, our capital is going to go from 10.42% to 11.79% without doing anything. This will cause a sense of security in small banks built upon unrealized gains and losses that could disappear overnight. I hope you will consider options for small banks not to fall under these rules. Thanks

Michael L. Frei
Commercial State Bank