From: Larry Helling

Proposal: 1442 (RIN 7100-AD 87) Regs H, Q, & Y Regulatory Capital Rules

Subject: Regs H & Y Regulatory Capital Proposals

Comments:

October 12, 2012

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

Re: Basel III Capital Proposals

Ms. Johnson:

Thank you for the opportunity to provide comments on the Basel III proposals 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.

Change can be good. However, in the case of the Basel III Capital Proposal, change will do harm. It will do harm to the meager economic recovery that is going on in our country. Community banks and their ability to provide much needed capital to the small business and consumer sectors will be placed in jeopardy, if the proposed rules are enacted.

Community Banks should be allowed to continue utilizing the current framework. Basel III was designed for the largest, internationally active banks and not community banks. Community banks did not create the issues in our economy and will be less able to help with the economic recovery, if the proposed rules are applied to all banks.

Accumulated other comprehensive income will create needless volatility for community banks and the communities they serve. Capital ratios in this scenario will be misleading and more volatile. In addition, the new risk weight rules are too complicated and will create increased regulatory burden. We cannot regulate our way out of the banking challenges suffered over the past few years.

Please provide the common sense approach to the current capital discussion and continue with the current regulatory approach. If Basel III is applied, it will be detrimental to our bank, other banks around the country and the communities that they serve.

Sincerely,

Larry J. Helling