

**Congress of the United States**  
**Washington, DC 20515**

October 18, 2012

The Honorable Ben Bernanke  
Chairman  
The Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue, NW  
Washington, D.C. 20551

The Honorable Thomas J. Curry  
Comptroller  
Office of the Comptroller of the Currency  
250 E Street, SW  
Washington, D.C. 20219

The Honorable Martin J. Gruenberg  
Acting Chairman  
Federal Deposit Insurance Corporation  
550 17<sup>th</sup> Street, NW  
Washington, D.C. 20429

Dear Chairman Bernanke, Comptroller Curry, and Acting Chairman Gruenberg:

As Members representing districts within the Commonwealth of Pennsylvania, we write to express our concerns with the joint proposed Basel III capital requirements and their negative impact on community banks.


We appreciate your efforts to improve standards for the U.S. banking industry, reduce systemic risk, and restore confidence in our capital markets. However, we strongly urge you to consider the unintended consequences that pursuing a “one-size-fits-all” approach to the Basel III requirements could have on our fragile economic recovery. Community banks are a significant source of individual and business lending in communities across the country, and in some areas, are some of the only institutions available to provide direct, local support. The proposed rulemaking does not consider the unique, important role that these institutions play in our financial system.

Community banks have little to no access to capital markets. By forcing these institutions to greatly increase their Tier 1 capital reserves, the proposed rules significantly hamper their ability to manage liquidity and interest rate risk. These new requirements could force community banks to retain a greater portion of their earnings in capital, rather than investing it in their community for economic development and job creation. Additionally, we are concerned that the proposed rules could make it even harder for them to raise needed capital. Finally, the complex new reporting requirements will significantly increase the compliance burden on community banks and divert necessary resources from the communities they serve.


As you know, community banks are already carefully regulated by your agencies. We all recognize the interconnectedness of the global economy and the call for rules governing our respective financial systems, but there is little value in requiring community banks to adhere to systems designed for much larger and more complex institutions.


We appreciate your consideration and look forward to your timely response.

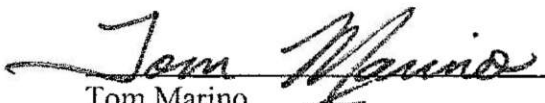
Sincerely,

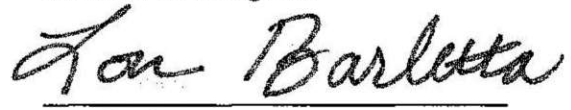
  
Michael G. Fitzpatrick  
Member of Congress

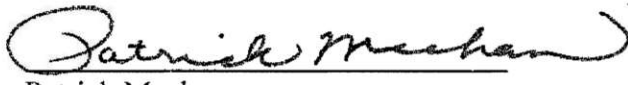
  
Tim Holden  
Member of Congress

  
Mike Kelly  
Member of Congress


  
Mark S. Critz  
Member of Congress

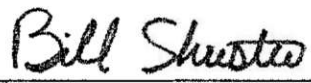
  
Tom Marino  
Member of Congress

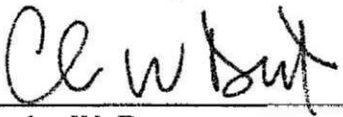
  
Lou Barletta  
Member of Congress


  
Patrick Meehan  
Member of Congress

  
Jim Gerlach  
Member of Congress

  
Glenn Thompson  
Member of Congress

  
Bill Shuster  
Member of Congress

  
Charles W. Dent  
Member of Congress

  
Tim Murphy  
Member of Congress

  
Todd Russell Platts  
Member of Congress