October 22, 2012

Mr. Ben Bernanke
Chairman
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

Mr. Thomas J. Curry
Comptroller
Office of the Comptroller of the Currency
250 E Street, SW
Mail Stop 2-3
Washington, DC 20219

Mr. Martin J. Gruenberg
Acting Chairman
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

Re: Regulatory Capital Rules: Regulatory Capital, Implementation of Basel III, Minimum Regulatory Capital Ratios, Capital Adequacy, Transition Provisions, and Prompt Corrective Action--OCC Docket ID OCC-2012-0008, Federal Reserve Docket No. R-1430; RIN No. 7100-AD87, FDIC RIN 3064-AD95

Regulatory Capital Rules: Standardized Approach for Risk-weighted Assets; Market Discipline and Disclosure Requirements—OCC Docket ID OCC-2012-0009, Federal Reserve Docket No. R-1442; RIN No. 7100 AD87, FDIC RIN 3064-AD96

Dear Sirs:

On behalf of the nation's community banks, including their chief executive officers, presidents, directors, employees, business partners, and customers, the Independent Community Bankers of America (ICBA)[1] hereby presents to the banking agencies the

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[1] The Independent Community Bankers of America®, the nation's voice for more than 7,000 community banks of all sizes and charter types, is dedicated exclusively to representing the interests of the community banking industry and its membership through effective advocacy, best-in-class education and high-quality products and services.

With nearly 5,000 members, representing more than 23,000 locations nationwide and employing more than 280,000 Americans, ICBA members hold more than $1.2 trillion in assets, $1 trillion in deposits, and $700 billion in loans to consumers, small businesses and the agricultural community. For more information, visit ICBA's website at www.icba.org.

attached petition signed by 14,906 persons. The petition requests that community banks be exempt from the proposed implementation of Basel III in the United States and that they be allowed to continue to operate under the Basel I capital standards.

The number of persons that have signed this petition together with the large number of community banks that these persons represent, reflect the deep concerns that community banks have towards the proposed capital standard. These concerns have also been expressed in the large number of comment letters that regulators have received and the comments that community banks have raised during the Basel III outreach meetings and audio conference calls held by the regulators.

The petition points out that Basel III was originally conceived to apply only to the largest, systemically important and internationally active banks and that community banks did not engage in the reckless behavior that contributed to the recent financial crisis and subsequent economic downturn. Imposing complex and excessive capital standards will threaten the nation's economic recovery and limit lending, investment, and credit availability in Main Street communities. Furthermore, Basel III will force community banks to hire new compliance staff, compute complex risk weights for residential mortgages, and limit their loan offerings to meet the requirements of arbitrary risk-weighted buckets—which will result in disastrous and unintended consequences to the communities they serve.

Community banks wish to remain on Basel I, which more accurately aligns their regulatory capital with the type of assets they hold and the relationship model they follow. The petitioners urge the banking regulators to exempt community banks from the Basel III proposal and allow them to continue to operate their banks under the Basel I capital framework, which has served their relationship-based banking models and this nation so well for over a generation.

If you have any questions about our petition, please contact Chris Cole, Senior Vice President and Senior Regulatory Counsel, at 202-659-8111 or at Chris.Cole@icba.org.

Sincerely,

/s/ Christopher Cole

Christopher Cole
Senior Vice President and Senior Regulatory Counsel

Community Bank Petition to the Federal Reserve, OCC, and the FDIC

We, the undersigned community bank chief executive officers, presidents, directors, employees, business partners and customers, hereby submit this petition to urge the Federal Reserve Board, Office of the Comptroller of the Currency, and Federal Deposit Insurance Corp. (the "banking regulators") to exempt community banks from the proposed implementation of Basel III in the United States and to allow community banks to continue operating under Basel I capital regulations.

We believe the following:

- Basel III was originally conceived to apply only to the largest, systemically important and internationally active banks.
- Community banks did not engage in the reckless behavior that contributed to the recent financial crisis and subsequent economic downturn.
- Imposing complex and excessive capital standards will threaten the nation's economic recovery and limit lending, investment, and credit availability in Main Street communities.
- Basel III will force community banks to hire new compliance staff, compute complex risk weights for residential mortgages, and limit their loan offerings to meet the requirements of arbitrary risk-weighted buckets—which will result in disastrous and unintended consequences to the communities they serve.
- Community banks have lower risks because they operate under a relationship-based model that cannot be measured solely by imposing analytical capital standards.
- Including accumulated other comprehensive income (AOCI) as regulatory capital will dramatically increase regulatory capital volatility and require community banks to hold capital substantially in excess of regulatory requirements.
- The new rules will significantly alter the capital treatment of mortgage-servicing assets, deferred tax assets, and trust-preferred securities, requiring community banks to make major changes to their financial statements.
- Community and mutual savings banks do not have access to the capital markets, and subjecting them to capital measurement systems that causes capital ratios to fluctuate dramatically based upon the Fed's interest rate policy is an extreme disservice to them.
- Subchapter S corporation banks will be significantly affected by dividend restrictions imposed by the proposed capital buffer.

Community banks wish to remain on Basel I, which more accurately aligns their regulatory capital with the type of assets they hold and the relationship model they follow. Therefore, we urge the banking regulators to exempt community banks from the Basel III proposal and allow them to continue to operate their banks under the Basel I capital framework, which has served their relationship-based banking models and this nation so well for over a generation.

INDEPENDENT COMMUNITY BANKERS *of* AMERICA The Nation's Voice for Community Banks®

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