

Maryland Bankers Association
Regulations H, Q, and Y
Docket No. R-1442
Regulatory Capital Rules

On October 3, 2012, members of the Maryland Bankers Association met with Governor Sarah Bloom Raskin to discuss the joint notice of proposed rulemaking on regulatory capital requirements, which would implement provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the Basel III regulatory capital reforms. Association members cited the complexity of the proposal and said compliance would be costly and unduly burdensome for community banks. Association members expressed concern that the proposal's risk-weighting provisions for residential mortgages would inhibit this activity at community banks to such an extent that their portfolios and ability to manage risks would be significantly affected. One association member expressed a specific concern about the proposed treatment of residential balloon mortgages, which this member said currently make up a fair amount of business at community banks. Some association members suggested that the proposal's method for calculating risk weights should be simplified. Another association member suggested that regulators establish a bank-size threshold below which banks would not be subject to the Basel III requirements.