

Congress of the United States

Washington, DC 20515

December 20, 2013

The Hon. Jack Lew
Secretary
Department of the Treasury
1500 Pennsylvania Ave., NW
Washington, DC 20429

The Hon. Ben Bernanke
Chairman
The Federal Reserve System
10th Street and Constitution Ave., NW
Washington, DC 20220

The Hon. Thomas Curry
Comptroller
Office of the Comptroller of the Currency
400 7th Street, SW
Washington, DC 20219

The Hon. Martin Gruenberg
Chairman
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

Dear Chairman Bernanke, Secretary Lew, Comptroller Curry, and Chairman Gruenberg,

As Members of the House Financial Services Committee, we are writing on behalf of Illinois' financial community to share our deep concerns with an immediate consequence of the final Volcker Rule – specifically regarding the accounting treatment of trust preferred securities (TruPS).

As you know, the final Volcker Rule includes TruPS as a kind of “covered fund.” By requiring divestiture of covered funds, the Volcker Rule triggers a FASB accounting rule that requires these investments to be moved from “held to maturity” to “available for sale” and marked to market by the end of 2013. Many banks may have held these investments to minimize losses after the 2008 crisis. However, the Volcker Rule’s sudden implementation may force these institutions to sell and immediately account for their current depreciation. While we appreciate your efforts to offer guidance regarding the regulatory treatment of these securities, many Illinois banks still face significant financial loss as these investments are marked to market at yearend, potentially impacting their earnings and capital.

We ask, in the interest of our community financial institutions and their customers, that you consider all potential accommodations and alternatives to ensure these institutions are given a reasonable period of time to absorb and mitigate their losses. Please consider this request promptly. Our constituent banks are looking for clarification as soon as possible.

Thank you,


RANDY HULTGREN
Member of Congress


BILL FOSTER
Member of Congress