

JOHN F. TIERNEY
6TH DISTRICT, MASSACHUSETTS

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Congress of the United States
House of Representatives
Washington, DC 20515-2106

2013 DEC 30 AM 8:15

December 27, 2013

The Honorable Ben Bernanke
Chairman
United States Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, D.C. 20551

The Honorable Martin Gruenberg
Chairman
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, D.C. 20429

The Honorable Thomas Curry
Comptroller
Office of the Comptroller of the Currency
400 7th Street, SW
Washington, D.C. 20219

The Honorable Jacob Lew
Secretary
United States Department of Treasury
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

The Honorable Gary Gensler
Chairman
Commodity Futures Trading Commission
1155 21st Street, NW
Washington, D.C. 20581

The Honorable Mary Jo White
Chairman
United States Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549

Dear Chairman Bernanke, Comptroller Curry, Chairman Gensler, Chairman Gruenberg, Secretary Lew, and Chairman White:

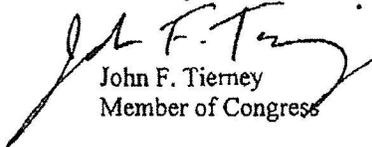
As a strong supporter of the Volcker Rule's intent to ban proprietary trading by large financial institutions, I write to express concern about a seeming unintended consequence the Rule is expected to have on community banks in my district and throughout the country.

Specifically, it is my understanding that the recently finalized Rule requires all financial institutions, including community banks, to divest their holdings in collateralized debt obligations backed by trust-preferred securities. While financial institutions reportedly have until July 2015 to divest these securities, community bank officials in my district advise me that, under Generally Accepted Accounting Principles, they will have to write down these assets by the end of the year. Having to do so – in such short time and without receiving any prior advanced notice – is anticipated to negatively impact hundreds of community banks' earnings and capital.

I ask that you consider immediate action to remedy this issue and ensure community banks are not unfairly harmed by this seemingly unintended consequence of the Volcker Rule.

Thank you for your attention. I look forward to your prompt response.

Sincerely,



John F. Tierney
Member of Congress