

From: Fidelity Financial Corporation, Clay Bastian  
Proposal: 1506 (AE 27) -Reg Q - Regulatory Capital Rules: Qulaification Criteria for Common Equity Tier 1  
Subject: Proposed Rule Demonstrating Application of Common Equity Tier 1 Capital Qualification Criteria

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Comments:

Comments to Proposed Regulatory Capital Rule

Fidelity Financial Corporation is a closely held unitary thrift holding company whose principal asset is a \$1.6 billion thrift. We have 21 common shareholders with 17 of them from one extended family representing 99.9% of the shares. Of those 17 shareholders, there are six trusts and one family limited partnership.

The trusts were formed for the sole purpose of protecting younger generation family members' shares of the Company. These trusts have been in existence for as long as 18 years and their assets are typically Fidelity Financial Corporation common stock and accumulated cash from dividends. I don't believe there is any way the trusts could be a Source of Strength to Fidelity, or qualify for any of the incoming SLHC regulatory capital ratios of Basel III. We welcome the exemption of estate trust shareholders proposed in this rule making.

The family limited partnership was formed as an estate planning device by the "founder generation" of this family business. It holds shares of Fidelity along with other real estate assets and cash. All of the limited partners are either current individual shareholders, or trust entities of current shareholders of Fidelity. The general partner is a C-corporation owned by existing individual shareholders, and its assets consist of units of the limited partnership and cash.

This limited partnership was not formed with any intention of issuing any capital instruments that could compromise or support the integrity of the Fidelity. We would welcome any suggested amendments to the structure of the partnership than could recognize it for regulatory capital purposes in a form similar to the proposed treatment of estate trusts

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