

Proposal: 1638 (AF29) Reg Q - Regulatory Capital Rule: Capital Simplification for Qualifying Community Banking

Description:

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Comment ID: 134026

From: Citizens Bank of Edmond, Madilynn Dobson

Proposal: 1638 (AF29) Reg Q - Regulatory Capital Rule: Capital Simplification for Qualifying Community Banking

Subject: R-1638; Reg Q - Regulatory Capital Rule: Capital Simplification for Qualifying Community Banking Org

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Comments:

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Proposal: Regulatory Capital Rule: Capital Simplification for Qualifying Community Banking Organizations [R-1638]

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First name: Madilynn

Middle initial:

Last name: Dobson

Affiliation (if any): Citizens Bank of Edmond

Affiliation Type: Other (Oth)

Address line 1: 1 E. First Street

Address line 2:

City: Edmond

State: Oklahoma

Zip: 73034

Country: UNITED STATES

Postal (if outside the U.S.):

Your comment: As a compliance and risk professional at a small community bank, I am compelled to express my concern regarding the potential impact of the proposed CBLR. The proposed rule is to provide regulatory relief for community banks that exceed the CBLR from of the current complex regulatory capital rules. However, myself and other leaders in my organization believe that the framework does not provide the relief especially for banks that fall below the CBLR. The proposed percentage is too high and our bank could be at risk for capital increase that could put our employee owned stock in jeopardy. The PCA is requiring an increase of 400 bp above the current well capitalized rules. We have consistently stayed at a well capitalized status in current complex framework that was intended for the international financial community, it seems with the increase in level and the lack of flexibility to shift between CBLR and risk weighted calculations does not provide relief and only increases the burden for small community banks. I understand that there could be benefit in a CBLR framework for community banks in receiving exceptive relief from current capital reporting requirements, but the consequence in failing to meet the CBLR standards should be a re-instatement of current capital reporting requirements. Community Banks should be given the opportunity to show that it can still be well capitalized under the current PCA framework. We are a very old bank and were overjoyed with the passing of Senate Bill 2155 to provide regulatory relief to our organization and many banks like us, but the proposed CBLR framework falls short of relief in my opinion. I believe the proposed framework could be better designed to fulfill its intention by allowing the automatic shift to the current capital requirements if their CBLR falls below the proposed threshold and to shift back when they are in compliance.

Thank you for the opportunity to comment and your dedication and commitment to further provide regulatory relief to community banks.

Sincerely,

Madilynn Dobson

VP, BSA/Compliance/Internal Control

The Citizens Bank of Edmond.