



January 28, 2026

VIA E-MAIL ONLY

Comment Intake,

Chief Counsel's Office,
Attention: Comment Processing,
Office of the Comptroller of the Currency,
400 7th Street SW, Suite 3E-218,
Washington, DC 20219
Docket ID OCC-2025-0141
RIN 1557-AF33

Benjamin W. McDonough,
Deputy Secretary,
Board of Governors of the Federal Reserve System,
20th Street and Constitution Avenue NW,
Washington, DC 20551
Docket No. R-1876
RIN 7100-AH08

Jennifer M. Jones,
Deputy Executive Secretary,
Attention: Comments/Legal OES RIN 3064-AG17,
Federal Deposit Insurance Corporation,
550 17th Street NW,
Washington, DC 20429

Re: Regulatory Capital Rule: Revisions to the Community Bank Leverage Ratio Framework

To Whom It May Concern:

The Wisconsin Bankers Association (WBA) is the largest financial trade association in Wisconsin, representing nearly 180 state and nationally chartered banks, savings banks, and savings and loan associations of all sizes located in Wisconsin, their branches, and over 30,000 employees. WBA appreciates the opportunity to comment on the interagency notice of proposed rulemaking to revise the Community Bank Leverage Ratio (CBLR) framework (proposal).

WBA supports the proposal and appreciates the agencies' consideration of longstanding industry feedback in developing these revisions. As discussed when WBA delegates and Wisconsin bankers visited the agencies in Washington DC last year in October on this topic, Wisconsin has a large number of community banks that serve rural and agricultural markets as well as small manufacturers and service businesses. As discussed in the proposal, the agencies' economic analysis recognizes that community banks have played an outsized role in agricultural and commercial lending and that rural communities rely heavily on these banks for credit and services. A calibrated leverage framework that reduces unnecessary complexity can help preserve these relationships, particularly where banks are funding growth from retained earnings and face limited access to capital markets.

In general, recalibrating the CBLR to 8 percent and extending the grace period to four quarters, with appropriate safeguards, should enhance the framework's practical value for community banks and WBA anticipates that it will encourage additional banks to adopt it. At the same time, WBA recommends that the agencies provide some clarifications and practical implementation tools to ensure smooth adoption of the revised framework.

Recalibration to 8 Percent

Lowering the requirement to 8 percent aligns with the statutory lower bound and should increase eligibility and adoption among community banks that currently operate near the existing 9 percent requirement. The agencies' analysis indicates that approximately 475 additional depository banks and holding companies would qualify under the proposal. WBA agrees with the proposal in that a well-designed leverage-based alternative can reduce the operational overhead of risk-based reporting and allow management to focus resources on serving customers and communities. WBA also notes the agencies' analysis that the revised calibration remains comparable to the well capitalized standards and would often be more stringent than the 8 percent tier 1 risk-based ratio for well capitalized status.

Grace Period Extension and Usage Limitation

Extending the grace period to four quarters better reflects community banks' reliance on retained earnings for capital formation and the time needed to address temporary volatility in capital ratios. The 7 percent floor and the limit of usage within any eight of the prior twenty quarters are appropriate safeguards. WBA believes this revision will promote stability and planning without inviting prolonged operation at materially reduced capitalization.

Operational Burden Reduction

WBA appreciates the agencies' recognition that meaningful burden reduction depends not only on calibration but also on predictability. Community banks that maintain parallel systems to hedge against unexpected reversion to the risk-based framework should be able to sunset those duplicative processes if the extended grace period and clear rules reduce the need for contingency reporting. To that extent, WBA encourages the agencies to confirm that banks are not expected to maintain parallel risk-based capital systems solely for contingency readiness under the CBLR.

Additional Areas for Consideration

WBA recommends that the agencies provide additional clarification on several operational aspects of the revised framework so that community banking organizations can plan effectively and implement the changes with confidence. Particularly regarding application of the twenty-quarter limitation on the grace period. The proposal provides that a bank may temporarily remain in the CBLR framework when its leverage ratio falls below the required level, within limits. Additional explanation including illustrative examples would help banks understand how this limitation is applied. For example, banks would benefit from clarity on how a single quarter of grace period use is counted, how the calculation works when a bank enters or exits the grace period during a year, and how past usage is treated following a merger or acquisition.

Similarly, clarity for banks that transition into and out of the CBLR framework would be helpful. Some banks may temporarily fall out of compliance, regain eligibility during the grace period, or ultimately return to risk-based capital reporting. Clear expectations around these transitions



would reduce uncertainty and help banks understand what reporting, documentation, and internal controls are expected.

WBA also supports the agencies' release of draft updates to Call Report and FR Y-9C instructions with sufficient lead time. These regulatory reports are prepared using standardized instructions and vendor-supported systems, and even modest changes often require significant coordination, system updates, and staff training. Early access to draft instructions would allow banks and vendors to prepare in advance, reducing implementation risk and minimizing operational disruption.

Finally, WBA encourages the agencies to continue using the plain-language approach reflected in the proposal when issuing related instructions and guidance. Clear explanations and practical examples would strengthen the usability of the revised framework and help ensure that the intended burden reduction is fully realized.

Conclusion

WBA supports the overall direction of the proposal to recalibrate the CBLR to 8 percent and extend the grace period to four quarters, with a measured usage limitation. We believe these changes will promote community bank participation, reduce operational burden, and support lending capacity, while maintaining appropriate safety and soundness safeguards.

Thank you for considering our comments.

Sincerely,

A solid black rectangular box used to redact the signature of Rose Oswald Poels.

Rose Oswald Poels
President/CEO