From: Vliet, Robert [mailto:rvliet@asbnow.com]
Sent: Tuesday, October 16, 2012 8:47 AM
To: Comments
Subject: "Basel III FDIC RIN 3064-AD95, RIN 3064-AD96, and RIN 3064-D97"

October 16, 2012

Robert E. Feldman
Executive Secretary
Attention: Comments/Legal ESS
Federal Deposit Insurance Corporation,
550 17th Street, N.W.
Washington, D.C. 20429

Re: Basel III Capital Proposals

Ladies and Gentlemen:

Thank you for the opportunity to provide comment on the Basel III proposals that were recently issued for public comment by the Federal Reserve Board, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation.

It's a long way from Wall Street, but communities such as Midland Park NJ are on track to face the kinds of regulations imposed on the monumental financial institutions in New York. Regulations due out in a matter of weeks would unnecessarily subject Main Street community banks to the same complex capital requirements as Wall Street megabanks. If you don't think that's going to make a tangible difference that will hurt towns like Midland Park NJ, think again.

But let's back up. We all know that the recent financial crisis took down some of the largest financial firms and contributed to the ongoing economic downturn. What you might not know is that in response, a body of regulators based in Basel, Switzerland, established new requirements on how much capital reserves these large institutions must hold. The idea is that the more capital they hold on their books, the more secure they will be when a crisis hits. In addition, these "Basel III" rules included complex standards on calculating the risks of a bank's assets.

It's not an unreasonable response to a crisis borne by Wall Street. Here's the catch. When U.S. financial regulators released their plans for implementing these standards, they proposed imposing them universally including the community banks like us that did not contribute to the crisis.

This plan is unreasonable, and dangerous for the financial institutions that serve smaller communities such as Midland Park NJ. Community banks like Atlantic Stewardship Bank maintain the banking industry's highest capital levels and operate a relationship-based model that recognizes the unique needs of their customers. Imposing complex capital regulations on us will limit the resources we can use to lend and reinvest in our communities, threatening our recovery.

If we want to prevent another Wall Street fiasco, we should not force community banks out of business and leave their customers in the hands of the megabanks. Without a thriving community banking industry, when it comes to our financial options, we won't be that far from Wall Street at all.

Community banks like Atlantic Stewardship Bank should be allowed to continue using the current Basel I framework for computing their capital requirements. Basel III was designed to apply to the largest, internationally active, banks and not community banks. Atlantic Stewardship Bank did not engage in the highly leveraged activities that severely depleted capital levels of the largest banks and created panic in the financial markets. Community banks like us operate on a relationship-based business model that is specifically designed to serve customers in their respective communities on a long-term basis. Our model contributes to not only our success, but the success of community banks all over the United States through practical, common sense approaches to managing risk. The largest banks operate purely on transaction volume and pay little attention to the customer relationship. This difference in banking models demonstrates the need to place tougher capital standards exclusively on the largest banks to better manage the ability to absorb losses.

Sincerely,

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