October 18, 2012

Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, D.C. 20551
E-mail: regs.comments@federalreserve.gov
Subject: Basel III Docket No. 1442

Office of the Comptroller of the Currency
250 E Street SW
Mail Stop 2-3
Washington, D.C. 20219
E-mail: regs.comments@occ.treas.gov
Subject: Basel III OCC Docket ID OCC-2012-0008, 0009, and 0010

Robert E. Feldman
Executive Secretary
Attention: Comments/Legal ESS
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, D.C. 20429
E-mail: comments@FDIC.gov
Subject: Basel III FDIC RIN 3064-AD95, RIN 3064-AD96, and RIN 3064-D97

Ladies and Gentlemen:

Landmark Bank is a $1.7 billion community bank serving 28 small and medium sized markets in Missouri, Oklahoma and Texas. Family owned since 1907, the Bank collects local deposits and supports local community businesses and individuals with very responsive financial services. It has had long term success by combining up-to-date banking products with active community involvement by knowledgeable local bankers.

As a Director of the Bank and an involved citizen, this letter is intended to express my concerns regarding the Basel III NPR as it has been presented, and the impact the rules would have on community banks. If implemented without change, this rule will be damaging to the people, businesses and communities it is intended to protect.

I would like to specifically comment on two proposed changes which are particularly relevant to Landmark Bank:

1. the requirement that all unrealized gains and losses in “available for sale” securities (AFS) must flow through to common equity tier 1 capital; and

2. the proposed change in treatment of Trust Preferred capital, namely the movement of this form of capital from Tier 1 to Tier 2 status for all banking companies in sizes ranging down to $500 million in assets.

Landmark and other community banks have investment portfolios to ensure adequate liquidity, balance interest rate risk of assets and liabilities, and earn a reasonable return. These are high credit quality securities held with the ability and intent to own the securities to maturity. Any gains or losses are incidental to ownership, and should not impact capital and capital ratios. In the current volatile times, if Basel lll creates the risk of reduced capital through inclusion of temporary market value losses, then community banks will be forced to maintain unnecessarily high capital and reduce productive lending to consumers and businesses. The consequence would be fewer jobs and less economic growth in local economies.

Our bank holding company, The Landrum Company, has long had over $35 million in Trust Preferred securities. These securities have provided an important source of tax-advantaged capital, during a period of time when capital raising has been especially challenging for community banks. This capital is used to create opportunities for a stronger local economy, community growth, and increased stability through loans to consumers and businesses. Basel lll would remove this Tier I capital retroactively, and impair our Bank’s ability to continue to contribute to our communities.

I therefore respectfully request that the Basel III proposed rules that include gains and losses in portfolio securities in the calculation of capital and changes to the capital treatment for Trust Preferred securities be removed from the final Basel lll rule, or substantially modified so as to eliminate the adverse consequences I have described above.

Thank you for the opportunity to express these strong views.

Sincerely,

David Bryant

David Bryant
Director
The Landrum Company