



Dave Heineman
Governor

STATE OF NEBRASKA

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January 29, 2013

The Honorable Ben Bernanke, Chairman
Federal Reserve Board of Governors
20th Street and Constitution Avenue N.W.
Washington, D.C. 20551

The Honorable Thomas J. Curry, Comptroller
Office of the Comptroller of the Currency
250 E Street S.W., Mail Stop 2-3
Washington, D.C. 20219

The Honorable Martin J. Gruenberg, Chairman
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, D.C. 20429

Dear Chairman Bernanke, Comptroller Curry, and Chairman Gruenberg:

I am writing today to express my concerns related to the proposed Basel III Capital Standards and its impact on Nebraska community banks. My understanding is that members of Nebraska's congressional delegation and my Director of the Nebraska Department of Banking and Finance have already expressed their concerns. I am aware that the implementation date has been delayed as federal agencies continue to review the many comments that have been submitted.

The complex requirements of Basel III are not needed for Nebraska community banks. Nebraska community banks have long demonstrated sound operations and adequate capital levels. This, in part, allowed Nebraska community banks to successfully manage the 2007-2009 financial crisis. Basel III's focus on international capital standards to avoid another financial crisis appears to be a solution in search of a problem when considering the vibrancy of Nebraska community banks.

Community banks in Nebraska are very concerned about the unnecessary, complex regulatory burden of Basel III. The danger of unnecessarily complex regulation is that the burden placed on small business is both disproportionate and counterproductive. Large multi-national banks, the intended target of Basel III and the financial institutions most involved in the 2007-2009 crisis, can more easily absorb the regulatory burden within their normal course of business. Yet, community banks, which were not deeply involved in the crisis, do not have the resources to easily absorb the new regulatory burdens. As a result, some community banks may close, a detriment to Nebraskans seeking local banking options.

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As further deliberation is pursued on Basel III, please give consideration to the impact such standards will have on Nebraska community banks.

Sincerely,



Dave Heineman
Governor

cc: John Munn, Director, Nebraska Department of Banking and Finance
Clark D. Lehr, Chairman, Nebraska Bankers Association
Senator Mike Johanns
Senator Deb Fischer
Congressman Lee Terry
Congressman Jeff Fortenberry
Congressman Adrian Smith