

MBC

McKENZIE BANKING COMPANY

P.O. Box 941, 1137 East Wood Street
Paris, Tennessee 38242

October 22, 2012

Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, D.C. 20551
regs.comments@federalreserve.gov

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

Office of the Comptroller of the Currency
250 E Street, S.W.
Mail Stop 2-3
Washington, D.C. 20219
regs.comments@occ.treas.gov

Re: Basel III Capital Proposals

Ladies and Gentlemen:

Thank you for the opportunity to provide comment on the Basel III proposals that were recently approved by the Federal Reserve Board, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation (collectively the “banking agencies”).

I am Chairman and CEO of a \$120,000,000 bank chartered in 1934 in McKenzie, Tennessee that now has 8 offices in the western part of Tennessee. It is family owned, and we work hard to maintain high marks in safety, soundness, compliance and related regulatory requirements. The 92 employees of our bank are committed to helping our communities grow. Without banks like us to provide the different types of loans in our area, our communities would suffer greatly. I am highly concerned the effects Basel III will have on our ability to continue supporting our economic development in our area.

I'm very much concerned about the provision that requires all banks to mark to market their available for sale securities. I feel that for small community banks that have gain or loss on investments should not be added to or subtracted from Tier 1 Capital. If you will check our Uniform Bank Performance Report, you will see that we have maintained high capital accounts for many years. Our loan losses through this great recession have been minimum.

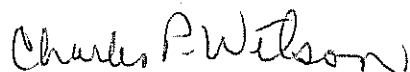
I do not feel that the proposal with Basel III capital requirements would be good for the community banks throughout this country. Our country has been well-served by the present banking framework for many years, and it is the real strength of our economic system in providing loans and other services to small and medium-sized communities. I've worked in the banking industry for more than 52 years and continue to be full-time at our bank. I have seen many changes and crises in banks over the last 52 years. I feel that the proposed changes for community banks will be a detriment to our economy in the future and will not provide the capital that will be necessary for small businesses to grow and increase employment.

I am concerned that Basel III overall has too much complexity and will require many changes in computer systems to generate the reports necessary.

The new Dodd-Frank Act certainly puts additional compliance cost upon our bank and in turn decreases the ability of our bank to serve our customers as we have in the past. The results of the proposed Basel III rules are probably needed for the very large and foreign institutions that have historically been allowed to operate with less capital than we have in a community bank. I do not think that you can have capital rules that apply to all banks and the federal examiners should be able to determine the amount of capital based upon the risk in each community bank. All banks are not alike in regards to the risks that they take. I think that a more appropriate step for the regulators would be to determine the capital that's required based upon the risk in the banks.

I respectfully request that all the regulators strongly consider starting over in regards to accounting requirements for small community banks. This proposal could have the most far-reaching impact upon our banks that I have seen in my 52 years of banking. This great country has enjoyed the services of so many community banks that have made our economy what it is today, and if the government continues to add additional requirements on to community banks, they will be killing the goose that laid the golden egg.

Sincerely,



Charles P. Wilson
Chairman & CEO