

October 22, 2012

Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, D.C. 20551

Office of the Comptroller of the Currency
250 E Street, SW
Mail Stop 2-3
Washington, DC 20219

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 comment on the Basel II Proposal. Having received, no doubt, hundreds of letters, I will only make a few comments.

It appears clear, even with the proposed exceptions for small banks, that this proposal was designed for and meant for large banks. As I look at what is proposed it does not appear to deal with the principal causes of the local bank failures. Sure, if they had a 100% capital there would have been no losses to the banking system. However the losses were not caused by lack of capital, trading, or the securities portfolio. It was bad lending decisions and poor loan portfolio management. This proposal does not effectively deal with these root causes.

The consequences to a small bank like this one is a significantly increased overhead burden, limits on effective securities portfolio management, and may drive us out of the permanent residential mortgage business. This, on top of an already increasing regulatory burden. This does have the potential of encouraging our board and shareholders to abandon banking.

I encourage your thoughtful consideration of the many letters and concerns expressed by those more eloquent and perceptive than me. The shoes should fit the wearer, one size does not fit all.

Sincerely

K. John Jones
President & CEO
First National Bank of Layton