

LAD-774
LAD-761

Congress of the United States
Washington, DC 20515

October 18, 2012

The Honorable Ben Bernanke
Chairman
The Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, D.C. 20551

The Honorable Thomas J. Curry
Comptroller
Office of the Comptroller of the Currency
250 E Street, SW
Washington, D.C. 20219

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

Dear Chairman Bernanke, Comptroller Curry, and Acting Chairman Gruenberg:

As Members representing districts within the Commonwealth of Pennsylvania, we write to express our concerns with the joint proposed Basel III capital requirements and their negative impact on community banks.

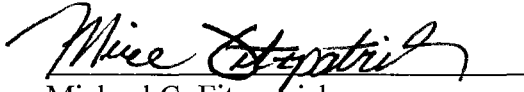
We appreciate your efforts to improve standards for the U.S. banking industry, reduce systemic risk, and restore confidence in our capital markets. However, we strongly urge you to consider the unintended consequences that pursuing a “one-size-fits-all” approach to the Basel III requirements could have on our fragile economic recovery. Community banks are a significant source of individual and business lending in communities across the country, and in some areas, are some of the only institutions available to provide direct, local support. The proposed rulemaking does not consider the unique, important role that these institutions play in our financial system.

Community banks have little to no access to capital markets. By forcing these institutions to greatly increase their Tier 1 capital reserves, the proposed rules significantly hamper their ability to manage liquidity and interest rate risk. These new requirements could force community banks to retain a greater portion of their earnings in capital, rather than investing it in their community for economic development and job creation. Additionally, we are concerned that the proposed rules could make it even harder for them to raise needed capital. Finally, the complex new reporting requirements will significantly increase the compliance burden on community banks and divert necessary resources from the communities they serve.

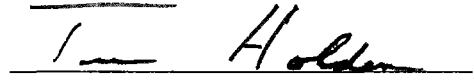
As you know, community banks are already carefully regulated by your agencies. We all recognize the interconnectedness of the global economy and the call for rules governing our respective financial systems, but there is little value in requiring community banks to adhere to systems designed for much larger and more complex institutions.

We appreciate your consideration and look forward to your timely response.

Sincerely,



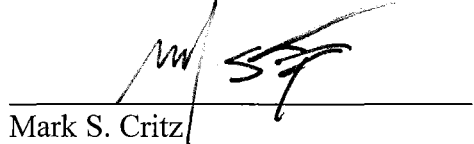
Michael G. Fitzpatrick
Member of Congress



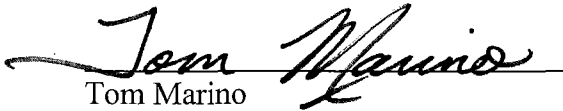
Tim Holden
Member of Congress



Mike Kelly
Member of Congress



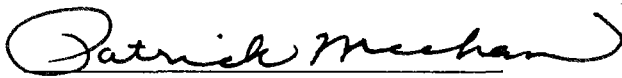
Mark S. Critz
Member of Congress



Tom Marino
Member of Congress



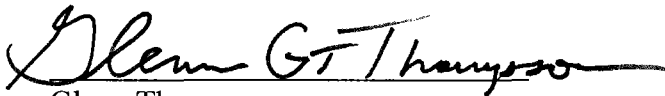
Lou Barletta
Member of Congress



Patrick Meehan
Member of Congress



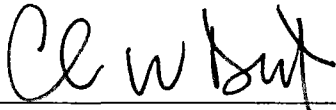
Jim Gerlach
Member of Congress



Glenn Thompson
Member of Congress



Bill Shuster
Member of Congress



Charles W. Dent
Member of Congress



Tim Murphy
Member of Congress



Todd Russell Platts
Member of Congress