



September 19, 2012

Mr. Robert E. Feldman, Executive Secretary
Attention: Comments/Legal ESS
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

RE: FDIC Standardized Approach NPR (RIN 3064-AD96)

Dear Mr. Feldman:

As a financial consultant to over 40 community banks, I urge the FDIC to modify the Standardized Approach NPR to provide appropriate relief to community banks.

Excessive risk taking in the financial sector was, undoubtedly, a major source of the nation's recent economic woes. I applaud the FDIC and other regulators in their attempts to address these behaviors and influence future risky behaviors through modifications to risk-based capital standards.

Unfortunately, all financial institutions seem to be saddled with a "one size fits all" approach in the Standardized Approach NPR. The proposed modifications to asset risk weights would impose excessive data collection and reporting burdens on community banks, while providing minimal behavioral modification benefit. Most community banks will not see their capital ratios significantly impacted by the proposed Standardized Approach, but the recordkeeping, data processing and reporting requirements will create an expense burden on a section of the industry that is already overburdened by regulatory costs and low profit margins.

Community banks typically maintain much higher capital levels than regional and international institutions and have less complex balance sheets. As such, smaller institutions should not be subject to the same complex standards required of larger and riskier financial firms. I support a tiered approach that recognizes the difference between Main Street community banks and larger, systemically important financial conglomerates. Community banks with total assets of under \$1 billion should have the option to continue using Basel I risk weights. This would allow the new risk-based standards to cover 90% of all financial institution assets while impacting only 10% of the institutions.

By limiting the scope of the Standardized Approach NPR to institutions with assets of over \$1 billion would also lower the FDIC's overhead burden and allow allocation of its scarce resources to the institutions that most need additional supervision – systemically important / too big to fail banks and institutions of all sizes operating under enhanced regulatory supervision.

Sincerely,

A handwritten signature in blue ink, appearing to read 'T. Jefferson Fair', with a long horizontal flourish extending to the right.

T. Jefferson Fair
President