From: David Jones <dajones@grinnellbank.com>
Sent: Friday, September 28, 2012 5:05 PM
To: Comments; regs.comments@federalreserve.gov
Subject: Basel III FDIC RIN 3064-AD95, RIN 3064-AD96, and RIN 3064-D97

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David A. Jones,
President & CEO

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

Via email at comments@fdic.gov

Re: Basel III FDIC RIN 3064-AD95, RIN 3064-AD96, and RIN 3064-D97

Dear Mr. Feldman:

This letter is written in response to the proposed Basel III Notices of Proposed Rulemaking issued in June 2012 requiring all banking organizations to comply with Basel III pronouncements and standardized approach NPR.

We have been and will be a strong bank. We maintain our strength, this for ourselves and had done so before the thought of Basel requirements.

I attended a conference in Chicago concerning banking structure around 20 years ago and a question was posed from the podium to the mostly large banks in attendance. Who in the room was able to calculate their Basel Capital Ratio using the required method? Two, yes only two hands went up in the room of hundreds of bankers. The two hands that went up were individuals in the front row who had a proud face doing so, but were also not what I would call classic bankers if you understand where I am going with this story.

Simply, capital divided by assets tells a good story about a bank. Loan to deposit ratio fills in another part of that story. I can look at a bank financial statement and feel it is just that simple when you look at a bank under 1 billion. Yes, there can be criteria creating a more complicated set of calculations that may need to be used in a few cases, but to require a basically well capitalized, well run bank follow an extreme set of rules and calculations is counterproductive and basically wrong.

Our Call Report requirements are 30 fold from 30 years ago, but the regulators are not able to keep banks from facing trouble with the increase of reporting.

The smartest person in a room should not be the standard all people in a room should be required to operate. Too many new rules and regulations are created with this basis and for some reason the majority (and I do mean the majority, from regulators, to bankers, to individual legislators, and customers I ask, I don't know anyone who disagrees with these thoughts!) is not able to change these errors of regulation. (ie: A simple house loan closing has gone over the top, but it continues to get worse as in mandatory escrow. Our customers are regularly overwhelmed and just want it over and typically sign the magnitude of forms without reading them.)

Counterproductive is in my mind what has occurred in the last decade of regulation but too large to fail, mega Credit Unions non-taxed and far too many banks have been closed even though so called good regulation has been in place. This Basel will most likely fall into this category for me and not save banks when the next round of closures happens.

Common sense should not be replaced by feather in the cap ego. Just because we can, doesn't mean we should. Oversight should be clean of excess detail as this can cause the important big picture to cloud. Clouding that can be used by some to actually hide their problems in the details.

Abe Lincoln said something to this effect; Leaves can be like words. Where a few leaves land, it helps growth. Where to many leaves accumulate, nothing grows. Regulations in my opinion are like leaves, and too many have and are accumulating.

This regulation does not promote loan growth.

There needs to be a standard set for well capitalized good banks to sidestep the complicated details of the requirement.

The good, small banks will not be better off for and they and their customers will suffer from the current proposed Basel III regulation.

Sincerely,
David A. Jones,
President & CEO

Cc: regs.comments@federalreserve.gov

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