
From: Don St. Germaine <dstgermaine@baybank.us>
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To: Comments
Subject: Basel III

HELLO, DOES ANYBODY REMEMBER 1982 WHEN INTEREST RATES ROSE 1200+BP? I SEE NO MODEL THAT ACCOUNTS FOR THIS TYPE OF FLUCTUATIONS IN THE AFS DISCOUNT/APPRECIATION. EVERYONE SHOULD CURRENTLY HAVE A 3-5% APPRECIATION IN THEIR PORTFOLIO. WHAT IS THE RESULTS IF THE MAJORITY OF BANKS SUDDENLY HAD A 5 – 20% DEPRECIATION IN THIS PORTFOLIO? WHAT HAPPENED TO THE COMMON SENSE THAT DICTATED NO ONE WOULD WANT CAPITAL RATIO SWINGS CAUSED BY MARKET RATES?

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