From: Murray Edwards [mailto:murray.edwards@theedwardsgroup.com]
Sent: Wednesday, September 19, 2012 9:00 AM
To: regs.comments@occ.treas.gov
Cc: Comments; regs.comments@federalreserve.gov
Subject: Comments on Basel II Docket # 1442

Murray H. Edwards
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September 19, 2012

RE: Basel III docket No. 1442

Comptroller of the Currency
Washington, D.C.

Federal Deposit Insurance Corporation
Washington, D.C.

Board of Governors of the Federal Reserve System
Washington, D.C.

Gentlemen and Ladies:

As a rancher and businessman who lives in Clyde, Texas, I serve as a Director of First Financial Bankshares, Inc., a $4.3 billion bank holding company, which owns eleven separately charted community banks in West and Central Texas. We are publicly traded on NASDAQ under the symbol FFIN with a market capitalization of approximately $1.0 billion. Our banks are extremely community focused with local management and heavy community involvement. Our capital is strong with a 10.36% leverage ratio, a 17.23% risked based capital ratio and an 18.48% total risked capital ratio as of June 30, 2012 under today’s regulations. We were voted the #2 ranked bank by Bank Director Magazine in the $1 to $5 billion category of publicly traded banks, and have been ranked #1 or #2 for the past four years.

I am writing to you to express my strong concern over the new Basel III capital proposals! In summary, while I believe strong capital is paramount in banking and certainly community banking, I do not believe that Basel III was intended to be implemented at the community bank level and the changes and complexity required under Basel III will be a large detriment to community banks, which could force many community banks to close (if they cannot raise additional capital) and add significant costs to the operations of banks that could force community banks to reduce important products and services for its customers, thus greatly hurting consumers and the United States economy. Basel III is not needed because you as the industry regulators are already making sure banks have adequate capital to operate in a safe and sound manner.

Our eleven banks have $1.96 billion in AFS securities at June 30, 2012. As interest rates rise (and they ultimately will), our capital ratios will be adversely affected. We would likely have to change our investment strategy to stay very short in the market to minimize volatility. Should we limit our investments in longer duration assets? How will this affect local governments and the housing markets that depend on community banks to purchase longer term municipal bonds and mortgage backed securities. We are concerned about how this proposal might impact our asset/liability function and our liquidity, contingency funding plans and earnings.

We are a community bank and, as such, should not be forced into the “mark-to-market” frenzy that has consumed other segments of the financial services industry. In addition, this proposal will cause an increase in employee time to monitor our AFS portfolio. This may also require us to purchase software to stay in compliance. Both of these will add costs and lead to less time and service for our customers.

I recommend and request that a size and complexity of operations scope be established that would exclude community banks from the provisions of Basel III.

Thank you for allowing me to share my opinion on Basel III.

Sincerely,

Murray H. Edwards