

From: John Davis <jdavis@statenatlwest.com>
Sent: Thursday, April 04, 2019 10:57 AM
To: Comments
Subject: Regulatory Capital Rule: FDIC RIN 3064-AE91

Dear Chair McWilliams,

As a community banker with over 20 years of experience in the financial industry, I would like to respond to your proposal to establish a Community Bank Leverage Ratio (CBLR) as a way to simplify the capital requirements for community banks.

Firstly, I commend the agencies for working to simplify and ease the relatively excessive regulations community banks must satisfy. In comparison to a regional or "mega" bank, the operations and subsequent risks associated with a community bank are much simpler and more easily quantified. The burdens placed on community banks by the numerous laws, rules and regulations applicable to all banks has had the unintended consequence of giving large lending institutions an economic advantage.

The proposal calls for the establishment of a CBLR, consistent with Section 201 of the Economic Growth, Regulatory Relief and Consumer Protection Act, that would allow banks and bank holding companies with less than \$10 billion in assets and a Tangible Equity to Assets Leverage Ratio above 9.00% to opt into the CBLR framework and not be subject to other risk-based and leverage capital requirements. These banks would also be considered to be "Well Capitalized" under the banking agencies' Prompt Corrective Action (PCA) framework.

It is my firm opinion that the proposed CBLR of 9.00% is too high. Establishing the ratio at 8.00%, as allowed by statute, would calibrate the CBLR closer to current Risk Based Capital Requirements for Well-Capitalized banks including the Common Equity Tier One Ratio of 6.5% and the Tier One Risk Based Capital Ratio of 8.00%. percent.

The proposal to establish a new and separate PCA framework within the CBLR framework would more than likely result in additional unintended consequences. Doing so would probably result in the CBLR ultimately becoming the de facto minimum requirement for community banks; providing large banks with another unintended economic advantage.

Finally, I appreciate the agencies' efforts to simplify Basel III and urge all parties to continue their efforts to reduce the regulatory burdens community banks experience.

Best regards and thank you for your consideration.

Sincerely,

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