

December 17, 2013

The Honorable Ben Bernanke
Chairman
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

The Honorable Martin J. Gruenberg
Chairman
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

The Honorable Thomas Curry
Comptroller of the Currency
Office of the Comptroller of the Currency
400 7th Street, SW
Washington, DC 20219

Dear Chairman Bernanke, Chairman Gruenberg, and Comptroller Curry:

Thank you for your prompt attention to the serious and unintended consequences of the recently finalized regulations implementing the “Volcker Rule,” with respect to the treatment of investments by banks in Trust Preferred Securities (TruPS). As the industry has been communicating with you in recent days, there is an urgency to this issue due to the rapidly approaching end of the quarter and the calendar year. Even though the provisions of the regulations are scheduled to go into effect in 2015, accounting practices triggered by the implementing regulations could subject many banks to imminent financial losses.

Banks from all across the nation are affected in ways that we are confident were not the purpose of the Volcker Rule. As representatives of those banks, we desire to unite our efforts toward an appropriate and timely resolution.

As we continue to receive information from our member banks, reports indicate that a variety of community banks and midsize banks will suffer significant unexpected hits to earnings and even to capital. As you know, this would also have consequences for the provision of services to their customers and communities.

Congress has shown its interest in a careful and measured treatment of TruPS under the Collins Amendment in the Dodd-Frank Act, providing specific transition provisions regarding community banks that have issued TruPS. Federal banking regulators echoed that care in the final regulations implementing the Basel III capital rules. Addressing the unintended consequences to bank investors in TruPS under the Volcker Rule would, we believe, continue that spirit of care that Congress and regulators have shown.

December 17, 2013

Page 2

We are writing to let you know that we stand ready to provide whatever assistance we may to address these pressing concerns involving bank investments in Trust Preferred Securities.

Sincerely,

American Bankers Association
Alabama Bankers Association
Alaska Bankers Association
Arizona Bankers Association
Arkansas Bankers Association
California Bankers Association
Colorado Bankers Association
Connecticut Bankers Association
Delaware Bankers Association
Florida Bankers Association
Georgia Bankers Association
Hawaii Bankers Association
Heartland Community Bankers Association
Idaho Bankers Association
Illinois Bankers Association
Illinois League of Financial Institutions
Indiana Bankers Association
Iowa Bankers Association
Kansas Bankers Association
Kentucky Bankers Association
Louisiana Bankers Association
Maine Bankers Association
Maryland Bankers Association
Massachusetts Bankers Association
Michigan Bankers Association
Minnesota Bankers Association
Mississippi Bankers Association
Missouri Bankers Association

Montana Bankers Association
Nebraska Bankers Association
Nevada Bankers Association
New Hampshire Bankers Association
New Jersey Bankers Association
New Mexico Bankers Association
New York Bankers Association
North Carolina Bankers Association
North Dakota Bankers Association
Ohio Bankers League
Oklahoma Bankers Association
Oregon Bankers Association
Pennsylvania Bankers Association
Puerto Rico Bankers Association
Rhode Island Bankers Association
South Carolina Bankers Association
South Dakota Bankers Association
Tennessee Bankers Association
Texas Bankers Association
Utah Bankers Association
Vermont Bankers Association
Virginia Bankers Association
Washington Bankers Association
Washington Financial League
West Virginia Bankers Association
Wisconsin Bankers Association
Wyoming Bankers Association