

December 17, 2013

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

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

The Honorable Thomas Curry  
Comptroller of the Currency  
Office of the Comptroller of the Currency  
400 7<sup>th</sup> 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