

Community Bankers Association of Illinois **ACTION ALERT**



CBAI ACTION ALERT: Urge Regulators to Improve Basel III Exemption

The Community Bankers Association of Illinois (CBAI) is calling on all Illinois community bankers to urge the banking regulators to 1) exempt more community banks from the Basel III capital rules, and 2) eliminate the unintended consequences of establishing a new Prompt Corrective Action (PCA) framework for community banks which opt-in for simplified capital treatment under the Community Bank Leverage Ratio (CBLR).

The Economic Growth, Regulatory Relief and Consumer Protection Act (S. 2155 – Section 201) mandated the banking regulators to establish a CBLR between 8% and 10% to exempt banks and holding companies under \$10 billion in assets from risk-based and leverage capital requirements. The regulators are proposing a 9% CBLR. Our recommendation is to lower the ratio to 8% which is allowed by statute and would enable approximately 600 additional community banks to benefit from this regulatory relief.

The regulators are also proposing new PCA thresholds under the CBLR framework for less than “well capitalized” banks. CBAI believes these thresholds are unnecessary, could have harmful unintended consequences, and run counter to Congressional intent to provide meaningful regulatory relief through capital simplification for community banks. Our recommendation is to allow community banks which elect and fall below the CBLR to demonstrate they are “well capitalized” under the current PCA framework before being downgraded.

By responding to this Action Alert, you will support CBAI’s formal comment letter to the banking regulators urging these needed improvements.

[Please Take Action Now!](#)

Please share this Action Alert with your board members and senior management.

We need a strong response from Illinois community bankers.

Thank you for responding!

March 20, 2019