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Member FDIC

Submitted via email

August 20, 2012

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

**Re: Proposed Rulemaking on Minimum Regulatory Capital and the Standardized Approach for Risk-weighted Assets
Basel III Docket No. 1442**

Dear Sir:

Pacific Global Bank, a Chicago-based CDFI bank which proudly serves the Chinatown, Bridgeport and McKinley Park neighborhoods, respectfully requests a 90 day extension to the comment period originally ending on September 7, 2012, regarding the joint notices of proposed rulemaking (NPRs) that are generally applicable to community banks (i.e., the Basel III NPR and the Standardized Approach NPR). Although the deadline for regulatory comments has been extended to October 22, we believe it is still too short a time to understand the impact of proposals that the regulatory experts have been working on for years.

The size, scope, and impact of these proposed rules represent a major challenge for community banks which do not have the requisite compliance capacities unlike the too-big-to-fail mega banks. The rules are also being proposed at a time of continuing economic difficulty and an already suffocating regulatory burden faced by community banks.

The significant impact of the NPRs on community banks includes changes to the revised definition of regulatory capital, a new capital ratio, incorporating the revised regulatory capital requirements into the PCA framework, creation of a capital conservation buffer, revisions in methodologies for calculating risk-weighted assets for on- and off-balance sheet assets, and substitutions of financial collateral and eligible guarantors for calculating risk-weighted assets.

Please consider the complexities of analyzing even a single aspect of the Standardized Approach NPR alone, namely one that relates to the Accumulated Other Comprehensive Income's (AOCI) impact on capital. AOCI captures unrealized gains and losses on investment securities and can be very volatile depending on the nature of the community banks' investment portfolios and changes in the interest rate environment. Community banks will need to conduct extensive sensitivity analysis of their portfolios to completely assess the potential impact of the inclusion of unrealized gains and losses on their minimum regulatory capital levels. The impact on capital will surely be exacerbated by the fact that interest rates are at historical lows thus setting the stage for future capital level declines in an eventual rising interest rate environment.

Pacific Global Bank believes a 90-day extension of the comment period will allow community banks the time needed to study the proposals and fully determine the impact on their bank's financial statements, ownership structures, operations, and systems capabilities. Without this extension of the NPRs, to allow for robust analysis of the complex rulemaking, community banks are exposed to heightened risks in capital adequacy. We urge you to reassess the practicality of the current brief comment period and the challenges this would create for community banks.

If you have any questions or would like additional information, please do not hesitate to contact me at (312) 225-2323 Ext.222 or bchow@pacificglobalbank.com .

Sincerely,

/s/

Betty Chow
CEO / President
Pacific Global Bank