

April 16, 2010

Secretariat of the Basel Committee on Banking Supervision
Bank for International Settlements
CH-4002 Basel
Switzerland

Dear Ladies and Gentlemen of the Secretariat:

The PlainsCapital Corporation appreciates the objectives of the December 2009 proposals of the Basel Committee to better depict the adequacy of capital and liquidity in the banking industry, but we have significant concerns regarding the unintended consequences of the measures as currently proposed. If adopted, the proposals could lead to a significant deleveraging of the banking system, produce a dramatic reduction of profitability, and create a balance sheet and earnings volatility that could undermine capital formation in the banking industry.

In particular, the following items would adversely affect ours and other U. S. banks.

- 1) Changing the loan loss reserve methodology to focus on "expected" losses rather than "historical" losses would be a "radical" change;
- 2) phasing out trust preferred securities and other debt-like hybrid capital instruments as Tier 1 capital;
- 3) implementing minimum Common Equity to risk weighted assets ratio;
- 4) introducing 17 liquidity management principles and a global liquidity standards.

We object to the above proposals of the committee. We further strongly urge the Basel Committee to review its proposals of December 2009, in particular with respect to the items mentioned above; and to consider the broader effect upon the entire banking system, especially during these economic times.

Respectfully submitted,

The PlainsCapital Corporation
Dallas, Texas
United States of America

cc: Federal Reserve of Dallas