



March 26, 2008

Ms. Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW.,
Washington, DC 20551
Docket No. R-1307

**RE: Proposed Rule on Amendments to Reserve Requirements of
Depository Institutions (Regulation D); and Issue and Cancellation of
Federal Reserve Bank Capital Stock (Regulation I).**

Dear Ms. Johnson

The Wisconsin Bankers Association (WBA) is the largest financial trade association in Wisconsin, representing approximately 300 state and nationally chartered banks, savings and loan associations, and savings banks located in communities throughout the state. WBA appreciates the opportunity to comment on the proposed amendment noted above.

The Board of Governors of the Federal Reserve System (FRB) has proposed amendments to Regulation D (Reserve Requirements of Depository Institutions) and Regulation I (Issue and Cancellation of Federal Reserve Bank Capital Stock). One of the substantive amendments would be the elimination of the provision in the "savings deposit" definition in Regulation D which limits certain kinds of transfers from savings deposits to not more than three per month. As a result, all kinds of transfers and withdrawals from a savings deposit that must be limited in number per month would be subject to the same numeric limitation of not more than six per month.

Within Regulation D, FRB has established criteria to distinguish "transaction accounts" from "savings deposits." One of the reasons such an account type distinction is important is because of reserve requirements based upon, among other things, account type classification. For example, Regulation D reserve requirement ratios for "transaction accounts" are graduated between three and ten percent where as the reserve requirement for a savings deposit is zero. Much of the account type distinction is based on the ease with which the depositor may make transfers (payments to third parties) or withdrawals (payments directly to the depositor) from an account. FRB states in the proposal that generally the more convenient it is to make withdrawals or transfers from an account, the more likely it is that the account will be used for making payments or transfers to third parties as opposed to holding savings.

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FRB further explains that "convenient" transfers or withdrawals, for the purpose of determining the classification of an account under Regulation D, includes: (1) preauthorized or automatic transfers (such as overdraft protection transfers or arranging to have bill payments deducted directly from the depositor's savings account); (2) telephone transfers (made by the depositor telephoning or sending a fax or online instruction to the bank and instructing the transfer to be made); and (3) transfers made by check, debit card, or similar order payable to third parties. Regulation D currently limits the number of "convenient" transfers and withdrawals from "savings deposits" to not more than six per month. In addition, FRB currently further restricts that within the overall limit of six, not more than three transfers or withdrawals may be made by check, debit card, or similar order made payable by the depositor and payable to third parties. This further FRB restriction is many times referred to as the six-three distinction.

FRB acknowledges in the proposal that many depository institutions have identified the six-three distinction in Regulation D as a regulatory burden in various contexts, based primarily on developments in payments technology. As a result, FRB recognizes that it may now be appropriate to amend Regulation D to do away with the sublimit of three withdrawals that applies to checks and drafts and simply limit all "convenient" transfers to not more than six per month. Therefore, FRB has proposed to eliminate the "six-three distinction" and replace it with a simpler "six-per-month" rule for all types of "convenient" transfers or withdrawals from savings deposits. FRB believes doing so would reduce some aspects of the current limitations that are burdensome to the private sector and that may interfere with the broader use and acceptance of developing electronic payment technologies.

WBA supports FRB's efforts to simplify the rule for both consumers and financial institutions and agrees with FRB that the elimination of the six-three distinction would further relieve depository institutions' monitoring of "saving deposits." WBA remains optimistic that FRB will continue to be open to future review of the rule to broaden the six-per-month rule to coincide with the private sector's increasing use of electronic payments. WBA acknowledges the need for solid reserve requirements; however, we also believe expanded permissible transfer or withdrawal activity beyond that of the current six may be warranted.

Once again, WBA appreciates the opportunity to comment on the proposed amendment.

Sincerely,



Rose Oswald Poels
Senior Vice President