March 26, 2008

Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

Re: Docket No. R-1307, Reserve Requirements of Depository Institutions; Issue and Cancellation of Federal Reserve Bank Capital Stock; Regulations D and I

Dear Ms. Johnson:

The Independent Community Bankers of America (ICBA)[1] appreciates the opportunity to comment on the proposed revisions to Regulations D and I announced in the *Federal Register* of February 12, 2008. While most of the proposed changes are technical adjustments, the proposal includes two substantive changes.

The first substantive change would amend Regulation D to implement Section 603 of the Financial Services Regulatory Relief Act of 2006 ("the Regulatory Relief Act") by authorizing member banks of the Federal Reserve System to enter into pass-through arrangements for maintaining reserves.[2] The second change would eliminate a provision in the definition of "savings deposit" in Regulation D that limits certain transfers from savings deposits to not more than three per month.

ICBA supports the proposed changes.

Reserve Pass-Through Arrangements

Section 19 of the Federal Reserve Act requires depository institutions to maintain required reserves as a balance in an account at a Federal Reserve Bank or as vault cash. Before

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[1] The Independent Community Bankers of America represents nearly 5,000 community banks of all sizes and charter types throughout the United States and is dedicated exclusively to representing the interests of the community banking industry and the communities and customers we serve. ICBA aggregates the power of its members to provide a voice for community banking interests in Washington, resources to enhance community bank education and marketability, and profitability options to help community banks compete in an ever-changing marketplace.

With nearly 5,000 members, representing more than 18,000 locations nationwide and employing over 268,000 Americans, ICBA members hold more than $908 billion in assets, $726 billion in deposits, and more than $619 billion in loans to consumers, small businesses and the agricultural community. For more information, visit ICBA's website at www.icba.org.

[2] Before the statute was revised, member banks were barred from passing required reserve balances through a correspondent institution although non-members could take advantage of such an arrangement.

2006, banks that were not Federal Reserve members had the option of maintaining their reserves in an account at a depository that maintained reserve balances at a Federal Reserve Bank (pass-through arrangements). This option was not available to Federal Reserve member banks. The Regulatory Relief Act removed the provision that restricted this option to Federal Reserve non-members. As a result, all depository institutions now have the option of maintaining reserves using a pass-through arrangement. This proposal would update the regulation to reflect the statutory revision.

ICBA supports the change.

Number of Transactions per Cycle

Regulation D generally limits the number of transfers from a savings account to not more than six transactions per statement cycle.[3] The restriction is designed to distinguish a savings account from a transaction account. Furthermore, no more than three of the six transactions payable to third parties may be made by check, debit card or similar order of the depositor.

With changes over time, the Federal Reserve now agrees with depository institutions that the historical distinctions that produced the sub-restriction for three of the six transactions during a statement cycle are no longer necessary. Therefore, the proposal would eliminate this second category and instead apply a simple six transaction per cycle restriction to distinguish savings and transaction accounts.

ICBA applauds the proposal as a useful way to reduce regulatory burden. In addition, the artificial distinctions that apply to transactions can be confusing to bankers and consumers and ICBA also supports the change as an important step to eliminate this confusion.

Other Changes

A number of other changes in the proposal would reformat the rule and reorganize it to simplify compliance. No substantive changes would occur. ICBA does not object to these additional revisions.

Thank you for the opportunity to comment. If you have any questions or would like additional information, please contact the undersigned by telephone at 202-659-8111 or by e-mail at robert.rowe@icba.org.

Sincerely,

Robert G. Rowe, III

Robert G. Rowe, III
Senior Regulatory Counsel

[3] Certain transfers or withdrawals, such as those by mail, messenger, automated teller machine or in person or by telephone by check mailed to the depositor, may be made without restriction.