To Whom it may concern,

Good morning, my name is Grant Kennedy and I am writing in regards to the subject docket. I have attached the first page of said docket highlighting the area of my concern. I understand that the window of comment opportunity has closed however I am inclined to yet attempt to air my concerns despite the fact that any positive results may not be afforded to me. I received a letter yesterday from my financial institution advising me of a penalty that was THRUST upon me as a result of this Federal Reserve Regulation D amendment. Apparently I exceeded my allotted 6 transactions related to my savings account. I was penalized a total of $45.00 for these infractions. Needless to say I was quite surprised once I read and understood the letter. I was not aware of these set limitations. I acknowledge that ignorance is not an acceptable form of innocence however I would have appreciated some sort of warning of these stipulations or regulations. I am sure that in some type of fine print on either a bank statement or some type of form letter indicating the implementation of this rule was issued but I cannot recall receiving.

Was there some sort of press release notifying people such as myself of this newly imposed rule? My biggest complaint is the fact that a warning of these infractions is not issued prior to the penal process. Why not issue a letter advising people of possible penalties in lieu of the instant mandated fine or fee. A warning letter would serve as 2 purposes, the first of which would be informative or educational and the second would provide an opportunity for the defiant individual to comply in the future.

Needless to say this has been an aggravating and frustrating few days. I do not expect any reply nor do I expect any reimbursement for my deficiencies but I hope that more than just myself conveyed negative thoughts pertaining to the way this Regulation D amendment was instituted.

Sincerely,

Grant W. Kennedy
P.O. Box 375
Cokeburg, Pa. 15324
724-945-6754

Proposed Rules

Federal Register
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This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rule making prior to the adoption of the final rules.

FEDERAL RESERVE SYSTEM

12 CFR Parts 204 and 209

[Regulations D and I; Docket No. R–1307]

Reserve Requirements of Depository Institutions; Issue and Cancellation of Federal Reserve Bank Capital Stock

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Notice of proposed rulemaking; request for public comment.

SUMMARY: The Board is publishing for comment proposed amendments to Regulation D (Reserve Requirements of Depository Institutions) and Regulation I (Issue and Cancellation of Federal Reserve Bank Capital Stock). Of these, only two are intended to represent substantive changes from existing law, while the remaining amendments are intended principally as clarifications. The first of the proposed substantive amendments would amend Regulation D to implement Section 603 of the Financial Services Regulatory Relief Act of 2006 by authorizing member banks of the Federal Reserve System to enter into pass-through arrangements. Previously, member banks were statutorily prohibited from passing required reserve balances through a correspondent institution. The second of the proposed substantive amendments would eliminate the provision in the "savings deposit" definition of Regulation D limiting 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. The remaining proposed amendments, intended as clarifications, would reorganize the provisions relating to deposit reporting and the calculation and maintenance of required reserves, clarify the definitions of "time deposit" and "vault cash," and make other minor editorial changes.

DATES: Comments must be received on or before March 28, 2008.

ADDRESSES: You may submit comments, identified by Docket No. R–1307, by any of the following methods:

- Agency Web Site: *http://www.federalreserve.gov.* Follow the instructions for submitting comments at *http://www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm.*
- Federal eRulemaking Portal: *http://www.regulations.gov.* Follow the instructions for submitting comments.
- E-mail: *regs.comments@federalreserve.gov.* Include the docket number in the subject line of the message.
- FAX: (202) 452–3819 or (202) 452–3102.
- Mail: Jennifer J. Johnson, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, NW., Washington, DC 20551.

All public comments are available from the Board's Web site at *www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm* as submitted, unless modified for technical reasons. Accordingly, your comments will not be edited to remove any identifying or contact information. Public comments may also be viewed electronically or in paper in Room MP–500 of the Board's Martin Building (20th and C Streets, NW.) between 9 a.m. and 5 p.m. on weekdays.

FOR FURTHER INFORMATION CONTACT: Heatherun Sophia Allison, Senior Counsel (202/452–3565), or Kara Handzlik, Attorney (202/452–3852), Legal Division, Seth Carpenter, Assistant Director and Section Chief (202/452–2385), or Margaret Gillis DeBoer, Financial Analyst (202/452–3139), Division of Monetary Affairs; for users of Telecommunications Device for the Deaf (TDD) only, contact (202/263–4869); Board of Governors of the Federal Reserve System, 20th and C Streets, NW., Washington, DC 20551.

SUPPLEMENTARY INFORMATION:

I. Statutory Background

Section 19 of the Federal Reserve Act (the "Act") imposes reserve requirements for monetary policy purposes only on certain types of deposits and other liabilities of depository institutions. Section 19 also authorizes the Board to define by regulation the terms used in the section. Currently, reserve requirement ratios for "transaction accounts" (accounts used to make payments to third parties, such as checking accounts) are graduated between three and ten percent. Reserve requirement ratios for "nonpersonal time deposits" and "Eurocurrency liabilities" are currently zero percent. Although Section 19 expressly defines accounts with certain transfer characteristics as "transaction accounts," Section 19 also authorizes the Board "to determine, by regulation or order, that an account or deposit is a transaction account if such account or deposit may be used to provide funds directly or indirectly for the purpose of making payments or transfers to third persons or others."[1] The provisions of Section 19 are implemented by the Board's Regulation D.

Section 11(a)(2) of the Act authorizes the Board to require any depository institution "to make, at such intervals as the Board may prescribe, such reports of its liabilities and assets as the Board may determine to be necessary or desirable to enable the Board to discharge its responsibility to monitor and control monetary and credit aggregates."[2] These provisions are specifically implemented in the computation and maintenance provisions of Regulation D (12 CFR 204.3).

II. Pass-Through Accounts

Section 19(c)(1) of the Act provides that depository institutions shall maintain required reserves in the form of a balance maintained for such purposes by a depository institution in an account at a Federal Reserve Bank or in the form of vault cash. Prior to 2006, Section 19(c)(1)(B) of the Act provided that non-member banks could maintain required reserves in an account at a depository institution that itself maintained required reserve balances at a Federal Reserve Bank, known as a "pass-through account." The Financial Services Regulatory Relief Act of 2006, Public Law 109–351 (Oct. 13, 2006), amended Section 19(c)(1)(B) of the Act to remove the language restricting pass-through arrangements to non-member banks. Accordingly, all depository institutions may if they choose maintain required reserves in a pass-through

[1] Section 19(b)(1)(F) of the Federal Reserve Act, 12 U.S.C. 461(b)(1)(F).

[2] 12 U.S.C. 248(a).