



3138 10th Street North  
Arlington, VA 22201-2149  
703.522.4770 | 800.336.4644  
f: 703.524.1082  
nafcu@nafcu.org | nafcu.org

**National Association of Federally-Insured Credit Unions**

May 4, 2020

Ann E. Misback  
Secretary  
Board of Governors of the Federal Reserve System  
20th Street and Constitution Avenue NW  
Washington, DC 20551

**RE:** Regulation D: Reserve Requirements of Depository Institutions  
Docket No. R-1715

Dear Ms. Misback:

On behalf of the National Association of Federally-Insured Credit Unions (NAFCU), I am writing to express our support for the recent interim final rule issued by the Board of Governors of the Federal Reserve System (Board) which eliminates the Regulation D transfer limit. NAFCU advocates for all federally-insured not-for-profit credit unions that, in turn, serve 120 million consumers with personal and small business financial service products. NAFCU agrees that implementation of monetary policy through an ample reserves regime does not necessitate a limit on the number of withdrawals or transfers made from a savings deposit. While the current pandemic serves to highlight the transfer limit's lack of purpose and detrimental effect on consumers, the fundamental conditions underlying the Board's amendments should be regarded as permanent. The Board should make this understanding explicit in a final rule by clarifying that the elimination of the Regulation D transfer limit is not a temporary measure.

Credit unions are already offering a range of assistance to members who are experiencing financial hardship due to the pandemic, including waiver of fees, loan modifications, payment deferrals, and forbearance. Elimination of the transfer limit further enables credit unions to provide their members with important financial flexibility. The interim final rule also reduces the compliance burdens borne by credit unions that were previously required to enforce the limit and monitor member savings accounts. However, to fully realize the benefits of this change, credit unions must be assured that the amendments to Regulation D are permanent.

Credit unions that choose to end enforcement of the transfer limit or reclassify accounts may need to make significant operational changes. These changes could be very difficult to unwind if the Board were to reverse course and reinstate the transfer limit. While the preamble to the interim final rule strongly suggests that the Board did not intend for the Regulation D amendments to be time-limited, repeated references to the exigencies of the pandemic might suggest the changes are somehow temporal in nature. To address credit union concerns, the Board must clarify that the relief it is offering is permanent. Doing so will encourage credit unions to modify their operations with confidence and in turn provide immediate aid to members. Failure to clarify the permanence of the amendments might cause hesitation within the industry as there are many legal and

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operational questions associated with the process of reverting back to enforcement of the transfer limit.

The Board should also clarify how Regulation D and Regulation CC are intended to interact based on amendments to the definition of transaction account in 12 CFR § 204.2(e). In doing so, the Board should take care to avoid imposing new requirements on accounts that were previously excepted from Regulation CC's general scope. Failure to preserve the distinction between transaction accounts and savings deposits in Regulation CC would have severe and immediate operational effects on credit unions who have been given no time to prepare for such a change and are already operating with limited bandwidth to absorb new regulatory requirements.

NAFCU thanks the Board for modernizing Regulation D and eliminating references to the outdated and unnecessary limit on transfers and withdrawals from savings accounts. The interim final rule will provide important relief to credit union members during a time of elevated anxiety and financial stress by permitting unrestricted access to funds in savings accounts. To better facilitate the operational changes that are necessary to make this relief immediate and lasting, the Board should clarify that elimination of the transfer limit is a permanent change. The Board should also clarify that the interim final rule does not extend, directly or indirectly, Regulation CC requirements to savings deposits that are treated as exempt from funds availability rules.

Should you have any questions or require additional information, please do not hesitate to contact me or Andrew Morris, Senior Counsel for Research and Policy at (703) 842-2266 or [amorris@nafcu.org](mailto:amorris@nafcu.org).

Sincerely,

A handwritten signature in black ink, appearing to read "B. Dan Berger". The signature is stylized and somewhat cursive, with a large initial "B" and "D".

B. Dan Berger  
President and CEO