

From: "Beverley Rutherford" <beverley.rutherford@vacu.org> on 03/28/2008 11:20:02 AM

Subject: Regulation D Reserve Requirements and Regulation I FRB Stock

Thank you for the opportunity to comment on the Federal Reserve Board's (FRB) proposed amendments to Regulation D. I am responding on behalf of the largest state chartered credit union located in Virginia.

First, we support the ability of all depository institutions to utilize pass through accounts to meet reserve requirements. We believe it is reasonable to make the requirement as flexible as possible to meet the reserve requirements.

Secondly, in the proposal, the definition of "savings deposit" would be amended to eliminate the provision that limits withdrawals by checks, drafts, or debit cards to three per month. We support the FRB's proposal to modify the "6/3" distinction. However, we do not feel the proposal goes far enough to clear up the confusion that exists for consumers (and financial institutions) with the savings definition. For our members, it has become increasingly difficult to explain the differences in what constitutes a limited vs. unlimited transaction. In addition, as technology evolves, other methods of access to accounts are made available which adds to the confusion of whether a particular transaction is restricted. Further, this particular regulation is one of the most burdensome to comply with, causing financial institutions to incur additional programming and other costs as new methods of access evolve and we try to ensure systems accurately count and limit appropriate transactions to ensure the definition of savings deposit is met. We ask the FRB to consider simplifying the definition of savings deposit even further to make it easier for consumers to understand and financial institutions to implement.

If you have any questions about our comments, please feel free to contact me.

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