



March 28, 2008

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

Re: Docket Number No. R-1307

Dear Ms. Johnson:

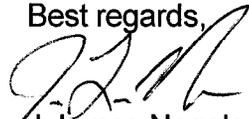
I am writing on behalf of the State Department Federal Credit Union (SDFCU) in response to the Federal Reserve Board's (the Board) request for comment regarding the proposed amendments to Regulation D, Reserve Requirements of Depository Institutions (the Rule), to implement changes to the Rule's transfer limitations for certain accounts. SDFCU supports the amendments to the Rule and the elimination of the "six-three distinction" as proposed by the Board; however, SDFCU feels that the changes should go further by eliminating the distinction between transaction accounts and savings deposits.

SDFCU strongly supports the elimination of the six-three distinction. This distinction has increasingly become unnecessary, confusing to consumers and a burden to financial institutions and consumers that offer and use accounts affected by the Rule. Furthermore, the Rule serves as a brake on innovation by imposing rigid and artificial constraints on transaction types, which make it more difficult to develop new products and services that benefit consumers. The confusing nature of the six-three distinction causes financial institutions to allocate resources to educating consumers and tracking transactions to ensure compliance with the Rule.

SDFCU strongly urges the Board to take this opportunity to increase the monthly limit on convenient transfers beyond six or to eliminate the restriction. Increasing allowed transactions beyond six would not lessen the burden of tracking the transactions; however, it would decrease the number of times our members are affected by the limitation – and this would be positive. Increasing allowed transactions beyond six would help consumers by decreasing the occurrences of frozen accounts and denied transactions when more than six transactions are attempted on a savings account. Completely eliminating the distinction between transaction accounts and savings deposits would increase the consumer benefits listed above and lessen the regulatory burdens for most financial institutions.

SDFCU appreciates this opportunity to comment on this important topic. We encourage the Board to go even further and eliminate the distinction between transaction accounts and savings deposits. Nonetheless, we feel that amendments are a positive step forward and will benefit both consumers and financial institutions.

Best regards,

A handwritten signature in black ink, appearing to read 'J. Noggle', written over the typed name.

J. Lance Noggle, Esq.,  
Regulatory Compliance Counsel