

From: Classic Bank, N.A., Frank J. Urbanek

Subject: Reserve Requirements

---

Comments:

Date: Apr 01, 2009

Proposal: Regulation D - Reserve Requirements of Depository Institutions

Document ID: R-1350

Document Version: 1

Release Date: 01/29/2009

Name: Frank J Urbanek

Affiliation: Classic Bank, N.A.

Category of Affiliation: Commercial

Address:

City: Bastrop

State: TX

Country: UNITED STATES

Zip: 78602

PostalCode:

Comments:

The action taken to address the unintended consequences resulting from implementation of payment of interest reserves is greatly appreciated. The impact on correspondent banking in Texas is significant as banks move funds to the Federal Reserve Banks rather than deposit overnight funds with local correspondent banks, which provide significant services to local institutions. The proposal will allow correspondent banks to continue serving their community bank respondents through the establishment of an Excess Balance Account(EBA). However, there is one aspect of the amendments that creates concerns for independent bankers. Under this change to Regulation D, participants in the EBA would be required to authorize only one institution to manage the EBA. Typically, Texas community banks utilize the services of multiple correspondent accounts. I strongly urge that the proposal be fine tuned to permit banks to use more than one institution for their EBA participation. My bank is only one of over 500 community banks domiciled in Texas. In total, we would be significantly affected by this proposal. Thank you for this opportunity to comment.