To: Robert Rowe, Regulatory Counsel

From: James Thomason, President & CEO Arkansas Bankers' Bank

Date: September 11, 2006

Subject: Regulation D, Docket No. R-1262 Reserve Requirements-Bankers' Bank Exemption

Arkansas Bankers' Bank is one of the twenty-one recognized bankers' banks in the United States. Nineteen of these banks are members of the Bankers' Bank council and Arkansas is among this group. The Bankers' Bank Council has approved a response for the above subject and Arkansas Bankers' Bank whole heartily endorses this response.

Arkansas Bankers' Bank was formed during April 1990 and is owned exclusively by Arkansas financial institutions. Since that time, ABB has served owner and customer banks located in Arkansas. Our basic philosophy was then and continues to be to serve our owner and customer banks by providing the best services and products at the most efficient and lowest cost possible. So our motto; ALWAYS YOUR CORRESPONDENT—NEVER YOUR COMPETITOR reminds not only us, but our banks, the primary reason for Arkansas Bankers' Bank existence.

Times change, services and products continue to evolve, but for a bank to earn and carry the name banker's bank, certain activities and services offered should be appropriate. As the response from the Bankers' Bank Council states, once the gate is opened for fundamental changes for a bankers' bank, then where does it stop?

Arkansas Bankers' Bank believes that each bank has the right to choose and expand the services and activities best suited for them within regulatory requirements. However, if that institution chooses to become a full service commercial bank, then the use of the bankers' bank moniker should cease and the Federal Reserve should require this action.