

From: Lewis Sarrica
Subject: Reserve Requirements of Depository Institutions

Comments:

Board of Governors of the Federal Reserve System,

Thank you for the opportunity to comment on the proposed rulemaking changes to Regulation D which are timely and well received. The Board specifically requested comments on several topics which we have the following responses:

Q1. Is it necessary to place any limitations on the maximum amount of term deposits that an institution may hold or on the maximum portion of a single offering that an institution may win at auction?

A1. Portfolio limitations should be imposed at one hundred percent of Tier 1 Capital simple because of the lack of a secondary market for the term deposits. The ability to pledge the term deposits at the discount window should be expanded to include the Federal Home Loan Banks. Additionally, capping the maximum portion of a single auction to twenty-five percent may foster greater participation.

Q2. What maturity or maturities would eligible institutions recommend as appropriate for term deposits, and should more than one maturity be offered?

A2. We would recommend maturities of three, six, nine, and twelve months are offered at each auction. The objective would be to help facilitate an acceptable ladder structure, ASAP.

Q3. Are there basic terms and structures for term deposits other than those described in this notice that should be considered?

A3. We would recommend ability to pledge the term deposits be expanded to include the Federal Home Loan Banks

Respectfully Yours;

Lewis F. Sarrica