

From: Yoakum National Bank, Dave Marlow  
Subject: Reg D, Q, & DD

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Comments:

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

I oppose the repealing of regulation Q.

If regulation Q is repealed there will be adverse effects on community banks. One of the greatest franchise builders for community banks is their demand deposit base. Additionally, paying interest on demand deposits will increase the level of expenses and further erode bank margins and profitability. Large banks may find that with the new FDIC assessment formulas that it is less expensive to pay high rates on business checking accounts, drawing more business from community banks, increasing deposits and therefore lowering their FDIC assessment. And recreating the unfair situation that the new assessment formulas are supposed to correct. Finally, interest on checking will add interest rate risk to the balance sheet as more interest sensitive instruments are introduced.

Dave Marlow  
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