



**NORTH CAROLINA
CREDIT UNION LEAGUE**

Committed to helping credit unions succeed

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December 19, 2011

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

Re: Docket No. R-1433 and RIN No. 7100 AD 83: Proposed amendments to Regulation D: Reserve Requirements of Depository Institutions: Reserves Simplification and Private Sector Adjustment Factor

Ms. Johnson:

On behalf of the North Carolina Credit Union League (NCCUL), I am writing in response to the Federal Reserve Board's proposed rules under Regulation D. As the trade association for North Carolina's 94 credit unions, the NCCUL supports the efforts of the Board to simplify the administration of reserve requirements for depository institutions. The four areas outlined in the proposal should require few operational changes for North Carolina's credit unions, as these changes represent an opportunity to reduce unnecessary complexities and provide some flexibility.

As acknowledged in the proposal, the simplification of Regulation D will only serve to benefit depository institutions, including credit unions. However, the concern around the compliance timeline is worth further discussion. As it relates to credit unions and specifically smaller intuitions, they may lack the sophistication or manpower to implement these changes in such haste by the proposed first quarter 2012 deadline. The NCCUL encourages the Board to consider a lengthier implementation period, especially given the profusion of regulatory changes forthcoming from other financial institution regulators.

In addition to our comments above regarding the proposed amendments, the NCCUL asks for your willingness to consider further modernization efforts of §204.2(d)(2) in Regulation D that limits the number of transfers and withdrawals from savings deposit accounts to no more than six per month. Lifting this restrictive limit for savings account transfers to other accounts at the same institution via phone or electronic means would represent a meaningful change for consumers and financial institutions, including credit unions alike.

We do realize that the Board is obligated by statute to maintain some regulatory distinction between "transaction accounts" and "savings deposits" and to enforce such a distinction with consistency. However, technological advancements have eliminated any rational basis for the distinction between ATM and in-person transfers and those conducted online or by phone. All of these methods allow for payments directly to the depositor and we encourage you to consider removing this outdated

limitation on transfers between accounts at the same institution. To ensure your statutory mandate, transfers to third parties should still be limited from savings deposits.

Given the role of the NCCUL to support the success of delivering financial services to nearly 3.2 million North Carolinians whom are members of credit unions, it would be a disservice to neglect mentioning this simple, yet incredibly significant change. A proposal to lift this transfer restriction, which is within the Board's rulemaking authority, would have pervasive support and presents the Board with an opportunity to provide meaningful regulatory relief.

Thank you for your consideration.

Respectfully Submitted,

A handwritten signature in black ink that reads "Lauren D. Whaley". The signature is written in a cursive, flowing style.

Lauren D. Whaley
Director of Legislative and Regulatory Affairs
North Carolina Credit Union League