

December 19, 2011

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

Re: Docket No. R-1433 / RIN No. 7100-AD83

VIA ELECTRONIC MAIL: regs.comments@federalreserve.gov

Dear Ms. Johnson,

The Michigan Credit Union League (MCUL) appreciates the opportunity to comment on the Federal Reserve Board's (the Board's) proposed amendments to Regulation D: Reserve Requirements of Depository Institutions: Reserves Simplification and Private Sector Adjustment Factor. MCUL is a statewide trade association representing approximately 95% of the credit unions located in the State of Michigan.

MCUL supports these revisions, but urges the Board to afford depository institutions ample time to adjust to and implement the changes. Credit unions have been overwhelmed by regulatory mandates and amendments over the course of the past year. Requiring implementation of the proposed changes in the first quarter of 2012 may prove unduly burdensome to depository institutions, particularly for smaller credit unions. MCUL respectfully requests that the Board give depository institutions at least nine months to implement the proposed changes.

Creation of a Common Two-Week Maintenance Period for All Depository Institutions

MCUL supports the conversion to a common two-week maintenance period, and agrees with the Board's rationale that it would eliminate the operational burden on depository institutions by having to move between a one- and two-week maintenance periods from one year to another. MCUL also appreciates the Board's efforts to reduce its operational and administrative costs, and sincerely hopes that such cost reductions will result in the offering of lower-priced services to depository institutions.

Creation of a Penalty-Free Band Around Reserve Requirements

MCUL also supports creating a penalty-free band around reserve balance requirements in place of carryover and routine penalty waivers. MCUL agrees that this approach provides more clarity in that it removes a depository institution's reliance on the Board's authority to waive deficiency charges.

MCUL also supports maintaining the top of the penalty-free band at least as high as that proposed by the Board (the greater of \$50,000 or 10% of a depository institution's reserve balance requirement) and for the Federal Reserve to pay interest on balances up to the top of

the penalty-free band at the same interest rate as that paid on balances maintained to satisfy the reserve balance requirement.

Discontinuance of As-Of Adjustments Related to Deposit Revisions

MCUL supports the discontinuance of as-of adjustments related to deposit revisions and replacing all other as-of adjustments with direct compensation, and agrees with the Board that these changes will help to relieve the operational burden on credit unions. MCUL also supports replacing all other as-of adjustments with direct compensation, as it would bring Federal Reserve practice in line with traditional business accounting practices. MCUL agrees with the Board that the federal funds rate should be used for the calculation of direct compensation in order to remain consistent with the Federal Reserve's practices in other areas where direct compensation is used.

Elimination of the Contractual Clearing Balance Program

MCUL supports the Board's proposal to eliminate the contractual clearing balance program, and agrees with the Board that the payment of interest on balances maintained to satisfy reserve balance requirements eliminates the opportunity cost of holding these funds at the Federal Reserve Banks.

Additional Comments

Though MCUL understands that this is beyond the scope of the proposed rule, we would like to take this opportunity to urge the Board to reconsider its Reg D six transfer/withdrawal limit on savings deposit accounts. Regulation D currently limits the number of "convenient" transfers and withdrawals to no more than six per calendar month or statement period.

Credit unions do not believe that the current limits are necessary in that they do not in any way affect the Federal Reserve's ability to conduct monetary policy. The limitation regarding savings deposit accounts also imposes an undue compliance burden on financial institutions and consumers. Regulation D exempts ATM transactions from the six transfer limit, as there is recognition that consumer transactions at ATMs typically involve transfers among the consumer's own accounts. Similarly, preauthorized transfers from a consumer's savings deposit account to their own loan account are also unlimited.

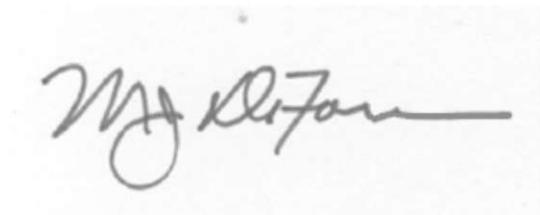
Due to technological advances, consumers can now make payments and transfers online, via telephone, at point-of-sale terminals, and via Automated Clearing House (ACH) transactions. The six transfer limitation unreasonably restricts consumers from being able to easily access their own funds for their own use, and imposes unnecessary financial costs on both financial institutions and consumers. Additionally, the limitation also places an undue compliance burden on financial institutions by requiring institutions to continuously track the precise method by which consumers initiate transfers between their own accounts.

In the event such a change requires Congressional action to amend the Monetary Control Act regarding the numerical limits on transfers between savings and transaction accounts, we urge the Board, in the meantime, to increase the number of such transfers allowable per month.

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MCUL appreciates the opportunity to provide comment on this proposed rule.

Sincerely,

A handwritten signature in black ink, appearing to read "M. DeFors", is centered on a light gray rectangular background.

Michael J. DeFors
VP Regulatory Affairs