

Proposal: 1715 (AF89) Reg. D - Reserve Requirements of Depository Institutions

Description:

---

Comment ID: 137227

From: BankersOnline;com, John Burnett

Proposal: 1715 (AF89) Reg. D - Reserve Requirements of Depository Institutions

Subject: Reg. D - Reserve Requirements of Depository Institutions

---

Comments:

Date: Apr 29, 2020

Proposal: Regulation D: Reserve Requirements of Depository Institutions [R-1715]

Document ID: R-1715

Revision: 1

First name: John

Middle initial: S

Last name: Burnett

Affiliation (if any): BankersOnline;com

Affiliation Type: Educational (Edu)

Address line 1: 14 Madison Ave

Address line 2:

City: Centerville

State: Massachusetts

Zip: 02632

Country: UNITED STATES

Postal (if outside the U.S.):

Your comment: Amendments to 204.2(d)(2) and 204.2(e)(2) and (4) make a savings account without transfer/withdrawal limits transaction accounts. Can a depository institution avoid having a savings account be a transaction account by imposing a transfer/withdrawal restriction? Must such a restriction be absolute, or can it be suggested though the imposition of transaction fees for excess transfers/withdrawals in a stated period?

The prefatory text, including the FAQ found there consistently uses the verb "suspend." Is "suspend" used in the dictionary sense of "temporarily prevent from continuing or being in force or effect"? If so, is that deliberate so as to suggest that it's expected that depository institutions will re-impose transfer/withdrawal limits at some future date (e.g., once the local economy recovers from the present pandemic)?

Does the Board anticipate reinstating savings account transfer limits in the future, or believe that they will be reimposed by depository institutions as an account or contract provision?

Relationship to Regulation CC

A related question regarding the impact of the Reg D changes on the definition of "account" in Regulation CC (12 CFR Part 229), which appears in the definition to exclude, except for the purposes of subpart D, any savings account described in 12 CFR 204.2(d)(2) "even though such accounts permit third party transfers."

I note that the Official Interpretations applicable to the 229.2(a)(1) definition of "account" in Regulation CC suggests that savings deposits are excluded because they "may have limited third party payment powers," and the Board believed the "EFA Act is intended to apply only to accounts that permit UNLIMITED (emphasis added) third party transfers."

Will, then, a bank that "suspends" its limits on savings deposit transfers and withdrawals be performe (and perhaps unwittingly) making those savings accounts subject to Regulation CC, or does the Regulation CC "account" definition continue to exclude savings accounts as described in 204.2(d)(2)? Thank you for your consideration of these comments and questions.