

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

Description:

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Comment ID: 137232

From: Banner Banks, Charles Geimer

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

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Your comment: My concern with the elimination of the Transfer limits apply to the application of the definitions to other regulations. For instance, Regulation CC specifically references 204.2(d)(2) in the definition of account in 229.2(a). Appendix E to 229.2 specifically states:

B. 229.2(a) Account

1. The EFA Act defines account to mean "a demand deposit account or similar transaction account at a depository institution." The regulation defines account, for purposes other than subpart D, in terms of the definition of "transaction account" in the Board's Regulation D (12 CFR part 204). This definition of account, however, excludes certain deposits, such as nondocumentary obligations (see 12 CFR 204.2 (a)(1)(vii)), that are covered under the definition of "transaction account" in Regulation D. The definition applies to accounts with general third party payment powers but does not cover time deposits or savings deposits, including money market deposit accounts, even though they may have limited third party payment powers. The Board believes that it is appropriate to exclude these accounts because of the reference to demand deposits in the EFA Act, which suggests that the EFA Act is intended to apply only to accounts that permit unlimited third party transfers.

This commentary seems to suggest that your exclusions of Savings and Money Market Accounts would no longer be valid and as a result those accounts would no longer be exempt from the Expedited Funds Availability Act.

This may be an unintended consequence of your proposed regulation and should be addressed.