



May 6, 2020

Directors/Members
Federal Reserve Board

RE: Comments for Interim Final Rule – Reg D Changes

Dear Honorable Board,

It is with appreciation, and concurrence, I respectfully submit these comments for your consideration on the recent amendment to Regulation D specifically relating to deleting the numeric limits on certain monthly transactions from “savings deposits”.

Community banks have long struggled with the requirement of such monthly transaction limits. The monitoring, reporting and communication with customers was laborious internally and offensive to customers that maintained their monies in such accounts. Customers who violated the limits quite often would move their accounts when challenged with reclassifying the account in question to an account allowing unlimited transactions. When in fact the customer maintained the account at the bank to receive a higher level of interest but liked the liquidity characteristic. In all the situations in which I am familiar, the customer did not want the account to be a transaction account. However, circumstances occasionally surfaced whereas the transactions were a necessary business/personal need.

Banks have historically charged, and in most cases will continue to charge, a fee for excessive transactions on such accounts where the Bank is paying a higher interest rate to the customer. The Reg D amendment will not change the need for Banks to manage liquidity and interest rate sensitivity through products. In short, Banks still will not want these customers to use these accounts as transaction accounts. The amendment will, however, relieve Banks of cost and time to monitor account transaction limits and avoid unnecessary customer communication.

In summary, we thank you for analyzing, determining the effect, and making the amendment to Regulation D; furthermore, we sincerely hope this interim final rule is permanent. Thank you for allowing our comments on this change and previous rule changes and proposed rule changes.

Sincerely yours,

Dorsey Hall
E.V.P
Community National Bank