

ATLANTIC COMMUNITY BANKERS BANK, DAVID BROWN

Proposal and Comment Information

Title: Loans to Executive Officers, Directors, and Principal Shareholders of Member Banks; Bank Holding Companies (Reg O and Y), R-1896

Comment ID: FR-2026-0028-01-C37

Submitter Information

Organization Name: Atlantic Community Bankers Bank

Organization Type: Company

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See attached letter for comments



October 14, 2026

Benjamin W. McDonough, Secretary

Board of Governors of the Federal Reserve System (Federal Reserve)
20th Street and Constitution Avenue NW
Washington, DC 20551

Re: Docket No. R-1896 and RIN 7100-AH27

Dear Secretary McDonough:

The Atlantic Community Bankers Bank (ACBB) appreciates the opportunity to comment on the Federal Reserve's proposed amendments to 12 CFR Parts 215 and 225 (Regulations O and Y; Docket No. R-1896; RIN 7100-AH27). ACBB is one of twelve bankers' banks currently operating in the United States. Our comments are specifically focused on sub-section 3 [*Bankers' Banks*] of Section L, *Regulation O Requirements for Extensions of Credit to Insiders of Correspondent and Respondent Banks*, and the related Supplemental Information, as well as Question 70: How do "bankers' banks" currently manage the correspondent bank requirements in 12 U.S.C. 1972? What are the potential risks and benefits of not applying these requirements to a loan by a correspondent bank to a company that owns the respondent bank, including any parent bank holding company?

It is our belief that the proposed changes are not appropriately applicable to bankers' banks and that the proposed recordkeeping requirements may be impractical, if not impossible, to implement. To understand our concerns, it is important to understand the bankers' bank business model.

Bankers' banks were established during the 1970s and 1980s, with twelve institutions remaining today. These institutions were created to provide services directly to community financial institutions (collectively, "Community FIs") throughout the United States. At that time, many commercial banks offering correspondent services were not adequately meeting the needs of Community FIs and, in many cases, were also direct competitors. This dissatisfaction led to the formation of bankers' banks.

The bankers' bank model closely resembles that of a cooperative bank. We are owned by the financial institutions that utilize our services. Our client financial institutions are also our primary funding source. To maintain a relationship with us, they must establish a demand deposit account (DDA). Many also maintain money market deposit accounts (MMDAs) and certificates of deposit (CDs).

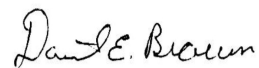
Under the proposal, all of our loans to bank holding companies (BHCs) would potentially be subject to Regulation O. However, under our policy, we cannot and do not extend a loan to a BHC (BHCL) unless the borrower is a shareholder and maintains a DDA with us. As a result, all BHCLs would appear to meet the restrictions referenced in 12 U.S.C. § 1972(2). However, since we do not lend to any entity that is not one of our shareholders, there are no loans to compare to determine whether BHCLs are made on substantially the same terms, including interest rates and collateral as those prevailing at the time for at the time for comparable transactions with other persons and does not involve more than the normal risk of repayment or present other unfavorable features. In other words, we believe that because all loans made by bankers' banks to financial institutions and to BHCs are only made to shareholders of the bankers' bank, and no loans are made to non-shareholder financial institutions or BHCs, the restrictions contained in 12 U.S.C. § 1972(2) do not apply.

Accordingly, we respectfully request that bankers' banks be exempted from the proposed amendments to Regulation O as they relate to codifying the restrictions contained in 12 U.S.C. § 1972(2).



Thank you for your consideration of our comments.

Sincerely,



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