

May 13, 2019

Ms. Ann E. Misback
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Ave NW
Washington, DC 20551

Re: Regulation D: Reserve Requirements of Depository Institutions Rulemaking;
Docket No. R-1652; RIN 7100-AF-40

Dear Ms. Misback:

On behalf of the 2.2 million credit union members we represent, the Heartland Credit Union Association (HCUA) appreciates the opportunity to comment on the Federal Reserve Board's (Board) advance notice of proposed rulemaking (ANPR) on *Regulation D: Reserve Requirements of Depository Institutions*.

Regulation D is a federal regulation which places certain limits on the number of transfers or withdrawals consumers—including credit union members—can make from their savings accounts. The purpose of Regulation D is to regulate the level of reserves a financial institution maintains. The required reserve amount for each financial institution is based on the balances it has in its transactional accounts, such as checking accounts. Specifically, § 204.2(d) of the Board's Regulation D establishes a limit of six transfers per month from a consumer's savings (or money market) account when made by various "convenient" methods. After the sixth withdrawal or transfer, the only way to access funds is in person or by using an ATM. Further, the Regulation D transfer limit can affect a consumer's overdraft protection. After the sixth electronic withdrawal or transfer, a consumer's savings account may no longer be available for further overdraft protection. Therefore, debit card transactions that attempt to draw from savings accounts when there are insufficient funds in checking—beyond the six permitted each month—may be denied, unless other forms of overdraft are set up on the account.

Whether as part of or outside the Board's current inquiry into Regulation D, we urge the Board to examine how it can increase the Regulation D transfer limit beyond six transactions per month. We believe such threshold is arbitrary, antiquated, and unnecessary. At the very minimum, the Board should increase the transfer limit to at least 25 transactions per month.

As always, we appreciate the opportunity to review this issue. We will be happy to respond to any questions regarding these comments.

Sincerely,



Brad Douglas
President/CEO