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March 30, 2020

The Honorable Jerome H. Powell
Chairman
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

Dear Chairman Powell:

On behalf of America's credit unions, I am writing to ask the Board of Governors of the Federal Reserve System (Board) to take steps to provide relief to credit unions and other depository institutions from the Regulation D (Reserve Requirements of Depository Institutions) monthly transfer and withdrawal limits. The Credit Union National Association (CUNA) represents America's credit unions and their 115 million members.

We write this letter as a follow up to CUNA's March 18, 2020 letter that seeks relief from the Regulation D monthly transfer and withdrawal limits. Unfortunately, the Board's recent vote to eliminate the reserve requirements does not completely provide the relief that credit unions need. Frequently Asked Questions (FAQs)¹ are now available explaining implications from the Board's recent elimination of reserve requirements. FAQs Q.7. through Q.14. specifically relate to the impact of the elimination of reserve requirements upon the "six convenient transfer" limit and detail steps a credit union must take to bypass the transfer and withdrawal limit that remains.

As you know, § 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. This section remains in place even though the Board approved an interim final rule to eliminate reserve requirements. We appreciate that the FAQs offer a path to eliminate the transfer limit; however, the method detailed of re-designating accounts as transaction accounts and updating reporting to the Federal Reserve is not necessarily a simple one that credit unions can easily make, especially with constrained resources from the Covid-19 pandemic. Therefore, these FAQs do not adequately address our previous request because they maintain the Regulation D in its current form and could lead to inconsistent application by each Reserve Bank. Because credit unions need a less burdensome solution, we, again, request that the Board remove the transfer and withdrawal limit in § 204.2(d).

CUNA notes other burdensome issues with this method of removing transaction limits:

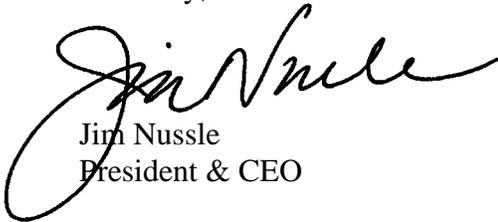
- Credit unions will likely need to provide members with new account disclosures if they re-designate savings accounts as transaction accounts;
- Core processing systems will require updates to change account reporting to generate FR 2900 reports that reclassify accounts, which will be difficult and time-consuming to make at this time;

¹ See The Fed. Reserve, *Reserves Central—Reserve Account Administration Application Frequently Asked Questions*, <https://www.frb services.org/resources/central-bank/faq/reserve-account-admin-app.html> (last visited Mar. 27, 2020).

- As acknowledged in the FAQ, financial institutions will have difficulty notifying and explaining changes to consumers during the current challenging operating environment.

We urge the Board to make this regulatory change soon so it is easier for Americans to access their funds. We appreciate the hard work that the Board and its staff are doing to protect the economy, and credit unions look forward to helping their members through this tough time.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Nussle". The signature is fluid and cursive, with a large initial "J" and "N".

Jim Nussle
President & CEO

CC: The Honorable Rodney Hood, Chairman, National Credit Union Administration