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Submitted via email at regs.comments@federalreserve.gov

May 3, 2013

Mr. Robert deV. Frierson
Secretary
Board of Governors
of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551

Re: R-1455 and RIN No. 7100-AD-94, Financial Market Utilities

Dear Mr. deV. Frierson:

The Independent Community Bankers of America (ICBA)¹ is pleased to comment on the Federal Reserve Board (Board) proposal to amend Regulation HH, Designated Financial Market Utilities, to set out the conditions and requirements for a Federal Reserve Bank to open and maintain accounts for and provide financial services to financial market utilities designated as systemically important by the Financial Stability Oversight Council. In addition, the proposed rule, which implements Title VIII of the Dodd-Frank Act, would authorize the payment of

¹ The Independent Community Bankers of America®, the nation's voice for more than 7,000 community banks of all sizes and charter types, is dedicated exclusively to representing the interests of the community banking industry and its membership through effective advocacy, best-in-class education, and high-quality products and services. With nearly 5,000 members, representing more than 24,000 locations nationwide and employing 300,000 Americans, ICBA members hold \$1.2 trillion in assets, \$1 trillion in deposits, and \$750 billion in loans to consumers, small businesses and the agricultural community. For more information, visit ICBA's website at www.icba.org.

interest on financial market utility account balances maintained at a Federal Reserve Bank.

Specifically, the proposed amendments to Regulation HH include:

- A modification to Section 234.1 (b) – Purpose and Scope –clarifying that Part 234 also includes standards, restrictions, and guidelines for the establishment and maintenance of a designated financial market utility account at, and the provision of financial services from, a Federal Reserve Bank, and clarifying the authority and terms for a Reserve Bank to pay interest on any designated financial market utility account balances held at a Reserve Bank.
- A new Section 234.6 – Access to Reserve Bank Accounts and Services – setting forth the conditions and requirements for a Reserve Bank to establish and maintain an account for, and provide services to, a designated financial market utility.
- A new Section 234.7 – Interest on Balances – clarifying a Reserve Bank’s authority to pay interest on any designated financial market utility balance maintained with that Reserve Bank.

ICBA believes that the proposed amendments are consistent with the applicable Dodd-Frank Act provisions. In light of the new authority providing access to Federal Reserve Bank accounts for financial market utilities, it is critical for the Board to provide a regulatory framework for ensuring sound risk management and supervisory oversight of the designated financial market utilities. ICBA supports the Board’s proposed requirements that a designated financial market utility meet certain ongoing requirements regarding sound financial condition and risk management in order to establish and maintain an account with a Reserve Bank or receive financial services from a Reserve Bank. It is vital for the Board and a Reserve Bank to have the authority to obtain information from a designated financial market utility and its Supervisory Agency, and the authority to consult accordingly with the Supervisory Agency prior to account establishment and on a periodic basis, particularly since designated financial market utilities do not have discount window access.

It is also necessary and appropriate to require a designated financial market utility to be in compliance with Board orders and policies, Federal Reserve Bank operating circulars and other applicable Federal Reserve requirements governing Reserve Bank accounts and financial services. Provisions permitting account or service termination or the imposition of limits or restrictions are consistent with

sound risk-management and supervisory oversight. These requirements and conditions are the foundation for protecting the integrity of the underlying clearing and settlement functions of designated financial market utilities.

Again, ICBA appreciates the opportunity to comment on this proposal. Please do not hesitate to contact me at viveca.ware@icba.org or at 202.659.8111 with any questions regarding this letter.

Sincerely,

/s/

Viveca Y. Ware
Executive Vice President
Regulatory Policy