

From: Atlantic Central Bankers Bank, Jon S. Evans
Subject: Reserve Requirements

Comments:

To: Board of Governors

From: Jon Evans, CEO
Atlantic Central Bankers Bank,
Camp Hill, Pennsylvania

Date: January 30, 2009

Re: Docket No. R-1350

The above proposed change to Regulation D is fully supported by Atlantic Central Bankers Bank (ACBB). ACBB is owned by 340 financial institutions in the mid Atlantic region providing credit and non credit correspondent services to our member banks. ACBB, like most banker banks, funds the majority of its assets from overnight federal funds from its respondent banks. Typically, we strive to diversify our respondents' funds by allocating a portion of those funds to help fund our own balance sheet with the bulk of the funds being sold (off balance sheet) to larger banks. Our role as agent is crucial as we must also perform the necessary due diligence in choosing which banks are acceptable credit (or investment) risks to our banks. During these turbulent limits, we believe being an agent for the Federal Reserve Banks provides the following benefits to community financial institutions and ourselves:

- An alternative overnight investment choice.
- Helps support a floor in the overnight federal funds market (which ultimately makes the FOMC's target rate a more effective monetary tool).
- Helps the Fed fund its balance sheet. (Although bankers banks collectively aggregate approximately \$20-\$25 billion daily in overnight fed funds, other correspondent banks could raise this figure).
- Strengthens our role as a conduit to maintain diversification.

We thank the Federal Reserve Board of Governors for its time and attention to this issue.

Jon S. Evans
President & CEO
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