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October 12, 2010

Robert E. Feldman, Executive Secretary
Attention: Comments
550 17th Street, NW
Washington DC 20429

Re: RIN #[3064-AD37]; Notice of Proposed Rulemaking Regarding Unlimited Deposit Insurance Coverage for Noninterest-bearing Transaction Accounts

Dear Mr. Feldman:

The Independent Community Bankers of America¹ (ICBA) welcomes the opportunity to comment on the proposed rule to provide unlimited deposit insurance for noninterest-bearing transaction accounts for two years, as mandated by the Wall Street Reform and Consumer Protection Act².

The Wall Street Reform and Consumer Protection Act (Act) amends the Federal Deposit Insurance Act to include full deposit insurance coverage for the net amount held in noninterest-bearing transaction accounts for two years starting December 31, 2010.

Under the proposal, the FDIC will create a new, temporary deposit insurance category for noninterest-bearing transaction accounts which will be separate from and in addition to, the coverage provided to depositors with other accounts held at an insured bank. All insured banks will receive this temporary deposit insurance coverage so there are no requirements to opt-in or opt-out of the program.

Additionally, FDIC does not plan to separately charge for this additional insurance, but instead will take into account the cost of this additional coverage in determining the amount of the general assessment it charges banks under its risk-based assessment system.

The Act provision differs from FDIC's Transaction Account Guarantee Program,

¹ The Independent Community Bankers of America represents nearly 5,000 community banks of all sizes and charter types throughout the United States and is dedicated exclusively to representing the interests of the community banking industry and the communities and customers we serve. ICBA aggregates the power of its members to provide a voice for community banking interests in Washington, resources to enhance community bank education and marketability, and profitability options to help community banks compete in an everchanging marketplace.

With nearly 5,000 members, representing more than 20,000 locations nationwide and employing nearly 300,000 Americans, ICBA members hold \$1 trillion in assets, \$800 billion in deposits, and \$700 billion in loans to consumers, small businesses and the agricultural community. For more information, visit ICBA's website at www.icba.org.

² Section 343 of the Wall street Reform and Consumer Protection Act, Public Law 111-203 (July 21, 2010).

which will expire on December 31, 2010, by extending unlimited insurance coverage only for noninterest-bearing transaction accounts and not low-interest consumer checking accounts (NOW accounts) and Interest on Lawyer Trust Accounts (IOLTAs).

Therefore, the FDIC is proposing three notice and disclosure requirements. Each bank will be required to post a copy of a prescribed notice in the lobby of its main office, in each domestic branch and on its Website. ICBA supports providing this notice as it will disclose to depositors the types of accounts that will be covered by this temporary deposit insurance coverage, including transaction accounts that do not earn interest, as well as inform customers of the accounts that will no longer be fully insured.

In addition to the posted notice, banks will be required to notify customers individually of any action they take to affect the deposit insurance coverage of funds held in noninterest-bearing transaction accounts. This notice is intended primarily to apply when banks begin paying interest on demand deposit accounts, as will be permitted beginning July 22, 2011. Under the proposed rule, if a bank modifies the terms of its demand deposit account agreement so that the account may pay interest, the bank must notify affected customers that the account no longer will be eligible for full deposit insurance coverage as a noninterest-bearing transaction account. The FDIC's proposal does not impose specific requirements regarding the form of the notice. With the regulatory challenges community banks continue to face, having flexibility in providing notices will enable a bank to balance the requirements to disclose its insurance coverage with its compliance resources.

Banks that are currently participating in the TAG program will also be required to notify NOW and IOLTA account holders that beginning January 1, 2011, those accounts no longer will be eligible for unlimited protection. While we understand the need to inform customers of this change in their insurance coverage, we are concerned of the impact the separate and individual notices may have on smaller institutions. Despite the passing of the Wall Street Reform and Consumer Protection Act, the continued perception of "too big to fail" (TBTF) institutions may cause customers to move their deposits to interest bearing transaction accounts at TBTF institutions, pricing smaller banks out of this market.

ICBA thanks you for the opportunity to comment on this proposal. If you have any questions or need additional information, please do not hesitate to contact me at (202) 659-8111.

Sincerely,

Lilly Thomas
Vice President and Regulatory Counsel