



Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, DC 20429

Re: Notice of Proposed Rulemaking Regarding Reciprocal Deposit Treatment

Dear Sir or Madam:

Thank you for the opportunity to comment on this most important proposal. The Kansas Bankers Association (KBA) is a nonprofit trade organization whose membership includes 241 of the commercially chartered banks headquartered in Kansas. Our membership also includes 19 out-of-state commercial banks and 7 savings and loans operating in Kansas. We are pleased to support 99% of the industry in the state. Our member banks employ more than 13,000 Kansans that provide financial services in more than 400 towns and cities across Kansas.

Many of our members are also members of the Promontory Interfinancial Network and can offer Certificate of Deposit Account Registry Service (CDARS) reciprocal deposits to their customers. These institutions rely on CDARS deposits as a stable source of core funding totaling billions of dollars.

The KBA is supportive of the FDIC's efforts to codify provisions of Section 202 of the Economic Growth, Regulatory Relief, and Consumer Protection Act, S 2155 in both Section 29 of the FDICA as well as the regulations governing deposit insurance assessments.

CDARS reciprocal deposits are an important tool to help community banks retain customers. CDARS deposits are built on established local customer relationships, demonstrate a high degree of "stickiness" and are insulated from the rate volatility in the national certificate of deposit market. They allow a bank to service customers with larger balances who want to continue to do business with their local institution, while providing the bank the opportunity to use those dollars to lend back into the community.

Codification of these provisions is consistent with the efforts of the Administration, Congress and banking agencies to retain stability and liquidity in the financial system. Financial institutions that rely on core deposits and the functional equivalent of core deposits such as CDARS reciprocal deposits are in the best position to weather difficulty.

The KBA appreciates the opportunity to lend our support to these efforts.

Best regards,

Douglas E. Wareham
President/CEO

Kathleen A. Taylor
EVP/General Counsel