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Subject: Reg D, Q, & DD

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Comments:

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Proposal: Regulation D, Q, and DD - Prohibition Against Payment of Interest on Demand Deposits  
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On its surface you might believe that such a move would be positive for small businesses, quite the opposite is true if this 77 year old prohibition expires in July, 2011. In reality, this repeal will stifle credit availability to small business and increase the cost of credit. Such interest bearing accounts would be subject to a 10% reserve requirement by all institutions, freezing important capital that might otherwise be available for lending. Additionally, as rates begin to rise over time, financial institutions will find it necessary to pass along their increased costs in the overall cost of the credit to small business and commercial customers. Perhaps most importantly, I believe that a repeal of Regulation Q would have a devastating competitive effect on community banks.