From: Preston National Bank, Lane Troiani

Subject: Reg D, Q, & DD

Comments:

The repeal of Reg Q would be a mistake. The repeal of Reg Q would at the minimum increase the exposure to the FDIC insurance fund as troubled banks would pay above market rates to attract these types of deposits, thereby increasing the potential losses to the FDIC in the event of the problem bank failure. In addition, it would boost the cost of funds across the board for all banks creating pressure to increase interest rates to maintain bank profitability. Ultimately, it could serve to restrict economic growth by increasing the cost of borrowing. In many cases, small businesses have access to cash management services already offered by their financial institutions to invest their surplus funds overnight to maximize returns on those idle funds. Small businesses also have limited transaction accounts available at their financial institution to invest surplus funds in the form of money market accounts.

The repeal of Reg Q is unnecessary.

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