



October 25, 2004

Bureau of the Public Debt
Government Securities Regulations Staff
Department of the Treasury
799 9th Street, N.W.
Washington, DC 20239

Re: Government Securities Act Regulations: Custodial Holdings of Government Securities
Docket No. BPD GSRS 04-02; 69 FR 56968 (Sept. 23, 2004)

Dear Madam or Sir:

America's Community Bankers ("ACB")¹ is pleased to comment on the proposal by the Department of Treasury (the "Department") to exempt savings associations from the Department's rules governing the holding of government securities as fiduciary, custodian, or otherwise for the account of customers.²

Pursuant to the Government Securities Act of 1986 ("GSA"), the Department prescribed standards for the safeguarding and use of government securities that applied to depository institutions holding government securities as fiduciary, custodian, or otherwise for the account of a customer. The Department was required, however, to determine if the rules and standards promulgated by the federal banking regulators were sufficient to meet the purposes of the GSA and, if so, the Department was required to exempt any depository institution subject to those rules and standards from the GSA regulations. After that review, the Department provided an exemption for depository institutions subject to the jurisdiction of the Federal Deposit Insurance Corporation, the Federal Reserve Board and the Office of the Comptroller of the Currency.

At the time, savings associations were not given an exemption from the GSA regulations because the Federal Home Loan Bank Board ("FHLBB") had not completed its examination procedures or guidance related to the GSA regulations. In finding that the Office of Thrift Supervision ("OTS"), the FHLBB successor, now has appropriate regulations and examination procedures in place, the Department is proposing to exempt savings associations under OTS supervision from the GSA regulations to the same extent that depository institutions subject to the jurisdiction of the other federal bank regulators are exempt.

¹ America's Community Bankers is the member-driven national trade association representing community banks that pursue progressive, entrepreneurial and service-oriented strategies to benefit their customers and communities. To learn more about ACB, visit www.AmericasCommunityBankers.com.

² 69 Fed. Reg. 56968 (Sept. 23, 2004).

ACB Position

ACB strongly supports the proposal by the Department to give parity to savings banks and savings associations supervised by the OTS. As the Department indicates, the OTS has the necessary rules and procedures in place to meet the purposes of the GSA regulations. Providing parity to savings associations will remove the competitive disadvantage under which they operate by having to comply with two sets of similar regulations addressing the same activities.

The trust and custody business of savings associations has grown substantially since they were given trust powers in 1980. The growth of this activity as part of the business of savings associations reflects the general transformation of the industry from one in which the institutions were primarily one- to four-family mortgage lenders to one in which the institutions provide the entire array of financial services products, including trust and custody services. Furthermore, savings associations' trust and custody activities are subject to a similar regulatory scheme and examination standards as other depository institutions such as commercial banks.

The projected massive wealth transfer between generations that is anticipated over the next ten to fifteen years has and will create a growing need for fiduciary, trust, wealth management and retirement and estate planning services. The ability to compete on an equal footing with other depository institutions for this business is extremely important to savings associations. Extending the exemption to savings associations supervised by the OTS would ensure that savings associations are not subject to duplicative requirements and would meet the objectives of the GSA regulations.

ACB appreciates the opportunity to comment on this important matter. If you have any questions, please contact the undersigned at (202) 857-3121 or via e-mail at cbahin@acbankers.org, or Diane Koonjy at (202) 857-3144 or via e-mail at dkoonjy@acbankers.org.

Sincerely,

A handwritten signature in black ink that reads "Charlotte M. Bahin". The signature is written in a cursive, flowing style.

Charlotte M. Bahin
Senior Vice President, Regulatory Affairs