



Reg. Q Update (3/23/04)

On Thursday, March 18 the Financial Services Regulatory Relief Act of 2004 (HR 1375) passed the House of Representatives with an amendment (H.AMDT.486) to repeal Regulation Q and allow up to 24 intra-account transfers per month. This amendment was sponsored by Rep. Sue Kelly (NY) and is similar in text to HR 758 the Business Checking Freedom Act of 2003. Both HR 1375 and HR 758 call for a two-year phase in period for the repeal of Reg. Q and an immediate increase in allowable transfers.

While this is the most significant Reg. Q activity we have seen this legislative session we must remember that Reg. Q has already been repealed in the House on a number of separate occasions and the bill still has yet to reach the Senate floor. However, this is the first time Reg. Q has been packaged with another regulatory relief bill that may draw more attention from the Senate Banking Committee. If this legislation is to pass the Senate a number of problems, including the hotly contested Industrial Loan Corporation (ILC) issue that scuttled the Reg. Q repeal in 2002 and 2003, must be resolved.

On the Senate side, the repeal of Reg. Q seems to have lost momentum. Sen. Chuck Hagel (NE), the Senate's biggest proponent of the Reg. Q repeal, has shelved his version of the legislation for this session. Hagel's staff reports that the bill is on the "back burner" and is likely to be dropped by the end of June. Sen. Michael Crapo (ID) has held talks with Hagel's office on co-sponsoring a new Reg. Q bill later this session but his staff reports that this legislation is, as of now, a low priority.

If you have questions about the Reg. Q repeal please feel free to contact Michael Hunstad at 312.443.0840 or email to michael_hunstad@treasurystrategies.com.

As a service to our clients, we have a complete update and assessment available on the Treasury Strategies website at <http://www.TreasuryStrategies.com/financial/regQ.htm>.

Treasury Strategies, Inc.

309 W. Washington Street
13th floor
Chicago, Illinois 60606

t 312.443.0840

f 312.443.0847

www.TreasuryStrategies.com