

Important Account Information for Members Regarding Regulation D

What is Regulation D?

Regulation D impacts the number of transactions Southbridge Credit Union will allow on certain accounts (savings, money market, and club) that are not intended to be transaction accounts. In other words, the Federal Reserve requires financial institutions to treat a typical savings account differently from a checking account. Savings accounts are intended to be established for long term savings with few withdrawals. Checking accounts are established for frequent transactions.

The Regulation was implemented by the Board of Governors of the Federal Reserve System to ensure financial institutions maintain adequate reserves for the funds they have on deposit, and ensure sufficient funds are available to meet consumer withdrawal demands. Reserve requirements are based upon a financial institution's total balance held in transaction accounts versus non-transaction accounts.

Federal Regulation D places a monthly limit on the number and types of transfers and withdrawals you may make from your **savings accounts, club accounts, or money market accounts** without your physical presence being required. You are allowed **six** such transfers per month, per account. Transfers and withdrawals affected by this regulation include:

- Transfers made using Online Banking
- Transfers made using Telephone Banking
- Overdraft transfers (transfers made automatically to cover insufficient funds in other accounts)
- Transfers made by Member Service personnel on your behalf requested via telephone
- Pre-authorized, automatic, scheduled or recurring transfers (which you might know as "ACH" or "EFT" transactions)
- Checks

What transactions are not affected by Regulation D?

- ATM Transactions
- Transfers made to Southbridge Credit Union loans
- Transactions done in person at a branch
- Transactions sent in by mail with an original signature

What are my options once an account has reached its Regulation D limit?

You may complete withdrawals and transfers in person, by mail, or at an ATM.

What happens if I exceed the Regulation D limit?

Southbridge Credit Union monitors savings, club, and money market accounts for compliance with Regulation D. Accounts are considered non-compliant when covered transactions exceed six within any given month. Members will receive written notification should an account be identified as non-compliant. **Subsequent violations may result in revocation of electronic services privileges, dishonor of transactions for insufficient funds (subject to overdraft charge), or account closure.**