

**FEDERAL RESERVE BANK OF DALLAS**

**DALLAS, TEXAS 75222**

Circular No. 80-206(A)  
October 24, 1980

**DEFERRAL OF RESERVE AND REPORTING REQUIREMENTS**

**TO THE CHIEF EXECUTIVE OFFICER OF THE AFFECTED  
NONMEMBER COMMERCIAL BANK, SAVINGS & LOAN  
ASSOCIATION OR CREDIT UNION IN THE  
ELEVENTH FEDERAL RESERVE DISTRICT:**

The Federal Reserve Board has acted to extend the deferment of reporting and maintenance of Federal Reserve requirements under the Monetary Control Act of 1980 to January 1981 for nonmember depository institutions with total deposits of \$2 million or more but less than \$15 million. At that time, such institutions that have transaction accounts or nonpersonal time deposits will be required to report once a quarter and to maintain Federal required reserves over the subsequent 13 weeks.

Previously, the Board had announced that nonmember depository institutions with total deposits of less than \$5 million would report quarterly beginning in January 1981. After consideration of the preliminary information collected by the Federal Reserve for implementation of the Monetary Control Act of 1980, it has been determined that this procedure may be extended to nonmember depository institutions with total deposits of less than \$15 million with little impact on the effectiveness of monetary policy. This action was taken in order to relieve reporting and reserve management burdens and to provide a more orderly transition to the maintenance of Federal Reserve requirements by these institutions.

Our records indicate that total deposits as of December 31, 1979 at your institution were less than \$15 million. Under this action of the Board, reporting and maintenance of Federal required reserves for your institution have been deferred until January 1981. You will be contacted again prior to January 1981 with further instructions regarding quarterly reporting and reserve maintenance.

Enclosed for your information is a copy of the press release issued by the Board of Governors detailing the actions taken at their October 22, 1980 meeting.

Sincerely yours,

Ernest T. Baughman

President

Enclosure

# FEDERAL RESERVE press release



For immediate release

October 22, 1980

The Federal Reserve Board today announced an increase in the number of financial institutions that may follow simplified procedures under the reporting and reserve requirement provisions of the Monetary Control Act of 1980. This will substantially reduce the reporting burden for small institutions.

The Board deferred all reserve and reporting requirements for nonmember depository institutions with less than \$2 million in total deposits (as of December 31, 1979) until May, 1981. At the same time, the Board adopted a procedure for quarterly reporting and reserve maintenance for institutions between \$2 million and \$15 million in total deposits beginning next January.

(Between now and January 15, nonmember institutions with deposits between \$2 million and \$15 million will not be required to report or hold reserves. Member banks of this size will continue to report and hold reserves weekly during that period).

Institutions with more than \$15 million or more in total deposits are required to report weekly to the Federal Reserve (beginning with the reporting week of October 30-November 4) and begin maintaining reserve requirements on November 13.

When the Board issued its revised regulation on reserve requirements last August, it sought to hold down the burden for small institutions by adopting a deferred status for nonmembers with less than \$1 million in total deposits and quarterly reporting and reserves for institutions between \$1 million and \$5 million.

Since that time, the Federal Reserve Banks have conducted hundreds of meetings and seminars with depository institutions that will be affected by the Monetary Control Act, instructing them on the provisions of the Act and the reports and reserves that are required by it.

As a result of the information gathered at these meetings and from analysis of more recent data, the Board decided that it could adopt simplified procedures for a larger number of small institutions without any substantive impact on the System's ability to control the monetary aggregates. The MCA extended Federal reserve requirements to all depository institutions that offer transaction accounts and accept non-personal time deposits.

The deferral of reporting and reserve requirements for nonmembers with less than \$2 million in deposits will affect about 17,000 institutions, primarily credit unions. These institutions, however, hold less than 1/2 percent of deposits in all affected institutions--commercial banks, mutual savings banks, savings and loan associations and credit unions.

Almost 10,000 institutions with deposits between \$2 million and \$15 million will be affected by quarterly reporting and reserve maintenance beginning January 1981. These institutions hold less than 4 percent of all deposits.

Consequently, the simplified procedures will relieve a reporting burden for 27,000 institutions--about two-thirds of the total covered by the new law--which hold only 4.33 percent of all deposits. The great bulk of these institutions could cover any required reserves with vault cash and would not be required to deposit funds with the Federal Reserve in any case.

These actions do not affect the U.S. agencies and branches of foreign banks and Edge Act and Agreement corporations.