

FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

**Circular No. 81-192
September 30, 1981**

POLICY STATEMENT

**Forward Placement or Delayed Delivery
Contracts and Interest Rate Futures Contracts**

**TO ALL MEMBER BANKS,
BANK HOLDING COMPANIES,
AND OTHERS CONCERNED IN THE
ELEVENTH FEDERAL RESERVE DISTRICT:**

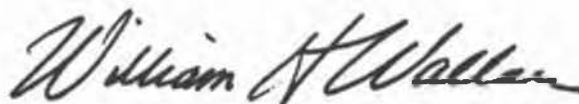
The Board of Governors of the Federal Reserve System has issued an interpretation to clarify the fact that state member banks and bank holding companies intending to take positions in interest rate futures contracts specifying delivery of certificates of deposits issued by domestic banks should do so in accordance with requirements of the Board's existing policy statement governing futures and forward contracts on U.S. Government and Agency securities. The effective date of the interpretation is September 18, 1981.

Printed on the following pages are a copy of the Board's press release dated September 18, 1981, and a copy of the Board's Policy Statement.

Questions relating to interest rate futures contracts with state member banks should be directed to Marvin C. McCoy of this Bank's Bank Supervision and Regulations Department, Extension 6657. Additionally, questions relating to interest rate futures contracts with bank holding companies should be directed to Robert D. Hankins of this Bank's Holding Company Supervision Department, Extension 6120.

Additional copies of this circular will be furnished upon request to the Department of Communications, Financial and Community Affairs of this Bank, Extension 6289.

Sincerely yours,



**William H. Wallace
First Vice President**

Banks and others are encouraged to use the following incoming WATS numbers in contacting this Bank: 1-800-442-7140 (intrastate) and 1-800-527-9200 (interstate). For calls placed locally, please use 651 plus the extension referred to above.

FEDERAL RESERVE press release



For immediate release

September 15, 1981

The Federal Reserve Board today issued an interpretation stating that bank holding companies and State member banks intending to take positions in interest rate futures contracts involving domestic bank certificates of deposit should do so in accordance with relevant Board policy statements on engaging in futures and forward contracts in U.S. government and agency securities.

The Board's interpretation, effective September 18, is attached.

Attachment

FEDERAL RESERVE SYSTEM
Policy Statements Concerning
Forward Placement or Delayed Delivery
Contracts and Interest Rate Futures Contracts
[Docket No. R-0261]

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Interpretation.

SUMMARY: This interpretation is to clarify the fact that State member banks intending to take positions in interest rate futures contracts specifying delivery of certificates of deposit issued by domestic banks (bank C/D's) should do so in accordance with requirements of the Board's existing policy statement governing futures and forward contracts on U.S. government and agency securities. Bank holding companies intending to engage in comparable activities should do so in accordance with the Board's existing policy statement governing bank holding company participation.

EFFECTIVE DATE: September 18, 1981.

FOR FURTHER INFORMATION CONTACT: Robert S. Plotkin, Assistant Director, or Michael J. Schoenfeld, Senior Securities Regulations Analyst, Division of Banking Supervision and Regulation, Board of Governors of the Federal Reserve System, Washington, D.C. 20551 (202-452-2781).

SUPPLEMENTARY INFORMATION: The three Federal bank regulatory agencies have formally adopted guidelines for banks engaging in futures, forward and standby contracts on U.S. government and agency securities.* In addition, the Board of Governors issued a policy statement governing the participation of bank holding companies and their nonbank subsidiaries in futures, forward and standby contracts on U.S. government and agency securities (45 Fed. Reg. 61595 (September 17, 1980)). Concurrent with the Commodities Futures Trading Commission's approval of trading in futures contracts specifying delivery of bank C/D's and the commencement of exchange trading of such contracts in July 1981, the Board received a number of inquiries concerning the applicability of the bank policy statement to such futures contract activities.

* See 45 Fed. Reg. 18116 (March 20, 1980); 45 Fed. Reg. 18120 (March 20, 1980); Office of the Comptroller of the Currency, Banking Circular 79 (2nd Rev.) (March 19, 1980).

The Board believes that the policies and procedures (including accounting requirements) contained in the referenced bank policy statement should be followed by State member banks that choose to engage in transactions in contracts specifying delivery of bank C/D's. Furthermore, the Board believes that the referenced bank holding company policy statement would be applicable to any bank holding company or nonbank subsidiary utilization of futures contracts specifying delivery of bank C/D's.

By order of the Board of Governors of the Federal Reserve System,
September 1, 1981.

William W. Wiles
Secretary of the Board

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AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Interpretation.

SUMMARY: This interpretation is to clarify the fact that State member banks intending to take positions in interest rate futures contracts specifying delivery of certificates of deposit issued by domestic banks (bank C/D's) should do so in accordance with requirements of the Board's existing policy statement governing futures and forward contracts on U.S. government and agency securities. Bank holding companies intending to engage in comparable activities should do so in accordance with the Board's existing policy statement governing bank holding company participation.

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