

FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

Circular No. 82-115

August 31, 1982

REGULATION D

RESERVE REQUIREMENTS OF DEPOSITORY INSTITUTIONS

Reserves on New Time Deposit Instrument

TO THE FINANCIAL INSTITUTION ADDRESSED
IN THE ELEVENTH FEDERAL RESERVE DISTRICT:

On Friday, August 20, the Board of Governors of the Federal Reserve System amended Regulation D to treat the 7- through 13-day segment of the new nonnegotiable 7- to 31-day deposit instrument recently authorized by the Depository Institutions Deregulation Committee (DIDC) as a time deposit for reserve requirement. The DIDC authorized Federally-insured commercial banks, mutual savings banks, and savings and loan associations to offer the new deposit instrument as of September 1, 1982. U.S. branches and agencies of foreign banks and Edge or Agreement Corporations may, in general, also offer this account. The DIDC actions were detailed in circular No. 82-97, dated August 11, 1982.

The Board action is to be effective as of September 1, 1982, the day the newly-authorized account can be offered. The new instrument is a nonnegotiable time deposit with a fixed maturity or notice period of between 7 and 31 days at the option of the institution. Thrift institutions may offer a nominal rate of return equal to the most recent 91-day Treasury bill rate (auction average on a discount basis) while commercial banks will be limited to paying one-quarter percentage point less. (The interest rate ceilings and the differential will end on May 1, 1983. In addition, the differential and ceiling will be suspended whenever the 91-day Treasury bill rate has been nine percent or less for four consecutive Treasury bill auctions.) A minimum deposit balance of \$20,000 is required to receive this rate; if for any reason the account falls below \$20,000, the passbook rate is paid on the remaining balance. Third-party negotiable drafts drawn directly on the 7 to 31 day instrument are prohibited, as are any sweep arrangements involving this instrument.

In the absence of Board action, this new deposit instrument with original maturities of 7 through 13 days would have been subject to reserve requirements as a transaction account, while the new deposit instrument with original maturities of 14 through 31 days would have been subject to reserve requirements as a time deposit. In its action on August 20, the Board amended Regulation D so that for reserve requirement purposes, the DIDC's newly authorized account issued in maturities of 7 through 13 days will be regarded as a time deposit, the same as such accounts issued in maturities of 14 through 31 days.

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.

For depository institutions, such as credit unions, that are not subject to DIDC rules, Regulation D will regard as time deposits nonnegotiable deposits or accounts of \$20,000 or more with original maturities or required notice periods of 7 to 13 days that are not otherwise classified as transaction accounts. (The Board's action does not affect the ability of Federally-insured credit unions to offer share accounts under which the credit union reserves the right to require 14 days' notice prior to withdrawal.) Of course, deposits or accounts with maturities or required notice periods of 14 days or more generally will continue to be regarded as time deposits.

Thus, all of the new 7 to 31 day deposit instruments meeting the conditions of the newly-authorized account should be reported as time deposits on the FR 2900, Report of Transaction Accounts, Other Deposits, and Vault Cash--in Item 13 if personal and in Item 14a if nonpersonal.

Revised instructions to the FR 2900 reflecting the reporting treatment of the new DIDC instrument will be issued shortly.

Questions on the new instrument or on the reporting treatment should be directed to Stephen Welch or Karen Salisbury at (214) 651-6294 or (214) 698-4205.

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

Sincerely yours,

A handwritten signature in cursive script that reads "William H. Wallace".

William H. Wallace
First Vice President



**FEDERAL RESERVE BANK
OF DALLAS**

Date: September 9, 1982

All Financial Institutions in the
To: Eleventh Federal Reserve District
From: **ROBERT H. BOYKIN**

*plus
attached
lists of
mailings on
9/13, 14, & 15/82*

For your information, attached is a copy of our response to the Board of Governors on a proposal to improve the speed and efficiency of the nation's payments mechanism by modifying the System's check processing and collection procedures.

September 14, 1982

Mr. Ric Eldred, Vice President
Allied Bank of Texas
P. O. Box 3326
Houston, Texas 77002

Mr. John E. Sasiadek, Senior Vice President
Bank of the Southwest
P. O. Box 2629
Houston, Texas 77001

Mr. Richard Cutsinger
Senior Vice President
Capital Bank, N.A.
P. O. Box 500
Houston, Texas 77001

Mr. Grover Ellis
Vice Chairman
First City National Bank of Houston
P. O. Box 2557
Houston, Texas 77001

Mr. William C. Lee
Executive Vice President
InterFirst Bank Houston, N.A.
P. O. Box 2555
Houston, Texas 77001

Mr. Steve Jones, Vice President
RepublicBank Houston
P. O. Box 299001
Houston, Texas 77299

Mr. Everett Gambrell
Senior Vice President
Texas Commerce Bank, National Association
P. O. Box 2558
Houston, Texas 77001

Mr. Fred Redeker
Executive Vice President
Houston Clearing House Association
717 Travis Street, Suite 600
Houston, Texas 77002

September 15, 1982

Copies of letter to all FRB Presidents

September 13, 1982

Copies of letter dated September 9, 1982, addressed to the Board of Governors from Robert H. Boykin and a memo addressed to All Financial Institutions in the Eleventh Federal Reserve District dated September 9, 1982, from Mr. Boykin sent to the following:

All officers at the Head Office and Branches

Mr. Barry G. Smith, President
Texas Independent Bank
P. O. Box 47403
Dallas, Texas 75247

Mr. Jerry Denton
Executive Vice President
First City Bank of Dallas
P. O. Box 88000
Dallas, Texas 75230

Mr. Fred Jones
Executive Vice President
Fort Worth National Bank
P. O. Box 2050
Fort Worth, Texas 76101

Mr. Richard Hart
Vice Chairman
InterFirst Bank Dallas, N.A.
P. O. Box 83000
Dallas, Texas 75283

Mr. Thomas Lynch
Senior Vice President
Mercantile National Bank
P. O. Box 225415
Dallas, Texas 75265

Mr. Jerry McElhatton
Executive Vice President
RepublicBank Dallas
P. O. Box 225961
Dallas, Texas 75265

Mr. Larry N. Hill
Executive Director
North Texas Clearing House Association
700 Fidelity Union Life Building
Dallas, Texas 75201