



FEDERAL RESERVE BANK
OF DALLAS

WILLIAM H. WALLACE
FIRST VICE PRESIDENT
AND CHIEF OPERATING OFFICER

DALLAS, TEXAS 75222

June 29, 1990

Circular 90-43

TO: The Cashier or Individual Responsible for
Managing the Reserve/Clearing Account at
the financial institution addressed

SUBJECT

**Reminder of Policy Change Regarding Overnight Overdrafts
in Reserve/Clearing Accounts**

DETAILS

This is a reminder of Circular 89-61 sent to you on November 10, 1989, announcing a policy change to Overnight Overdrafts in Reserve/Clearing Accounts, effective January 2, 1990.

With the implementation of the revised policy, an institution's overdraft history was determined by the number of occurrences six months prior to January 2, 1990, freezing the date July 1, 1989, and "phasing in" additional months as the year progressed until 12 months were phased in. Effective July 1, 1990, 12 months will be completely phased in, and the moving 12 months of overdraft history will be used.

Other revisions to the policy included the change in definition of excessive overdraft occurrences. Under the revised policy, six overdrafts during a moving 12-month period will be considered excessive. In the case of an institution incurring an excessive number of overdrafts, a graduated monetary charge rate may be used to discourage future overdrafts. The monetary charge rate may be increased by one-half of a percentage point for each occurrence over six in a moving 12-month period.

MORE INFORMATION

For further information, please contact the Reserve Maintenance Division at (214) 651-6407 or consult Circular 89-61. For additional copies of these circulars, please contact the Public Affairs Department at (214) 651-6289.

Sincerely yours,

William H. Wallace