



**FEDERAL RESERVE BANK
OF DALLAS**

HELEN E. HOLCOMB
FIRST VICE PRESIDENT AND
CHIEF OPERATING OFFICER

May 8, 1996

DALLAS, TEXAS
75265-5906

Notice 96-43

**TO: The Cashier or Individual Responsible for
Managing the Reserve/Clearing Account**

SUBJECT

**New Account Structure
Under Interstate Branching**

DETAILS

Effective January 1, 1998, the Federal Reserve will implement a flexible new approach to providing accounting services. This approach will provide institutions with additional account information and facilitate account management. It is geared to meet the needs of depository institutions for consolidated account information as they branch interstate. It will also provide improved accounting services for those institutions that do not expect to participate in interstate branching.

The new approach works to address the added complexities of account management that could result for depository institutions that maintain multiple accounts as they broaden branch networks to more than one District. Under this approach, depository institutions would be provided with a single ("master") account at a designated Reserve Bank. This single account would be used to settle all credits and debits arising from financial transactions with any Reserve Bank, regardless of location. Reserve administration and risk management activities would also be conducted from this single location. (Certain depository institutions who are required by regulation to maintain multiple accounts would not be affected by this change.)

Beyond this, using a new subaccount technique, account holders (regardless of whether they have an interstate presence) can define subsets of information that will be provided daily to support the organization's specific informational needs. In that fashion, the account service becomes tailored to specific user needs.

This enhanced account structure was developed, in large part, as a result of a series of interviews conducted with a broad cross-section of the banking industry. In these interviews, depository institutions indicated that they preferred to manage their account relationships with Reserve Banks on a consolidated basis, under a single "master" account structure. Concurrently, depository institutions indicated interest in the ability to segregate information on financial activities in differing ways to meet differing organizational needs. A synopsis of the interview results can be obtained from your local Reserve Bank.

More details on how the new account structure can be used will be provided through a series of educational materials and seminars that will be offered to financial institutions in early 1997. Institutions are encouraged to contact their local Reserve Bank staff with any questions they may have, so that concerns can be addressed and incorporated, as necessary, into the Federal Reserve's ongoing development of new accounting services.

MORE INFORMATION

For more information, please contact Lyne Carter, (214) 922-5901, at the Dallas Office; Javier Jimenez, (915) 521-8202, at the El Paso Office; René Gonzales, (713) 652-1543, at the Houston Office; or Karen Salisbury, (210) 978-1403, at the San Antonio Office.

For additional copies of this Bank's notice, please contact the Public Affairs Department at (214) 922-5254.

Sincerely,

Helen E. Holcomb