



FEDERAL RESERVE BANK
OF DALLAS

ROBERT D. McTEER, JR.
PRESIDENT
AND CHIEF EXECUTIVE OFFICER

DALLAS, TEXAS
75265-5906

April 30, 1998

Notice 98-35

TO: The Chief Executive Officer of each
financial institution and others concerned
in the Eleventh Federal Reserve District

SUBJECT

**Amendment to Regulation D
(Reserve Requirements of Depository Institutions)**

DETAILS

The Board of Governors of the Federal Reserve System has amended its Regulation D, Reserve Requirements of Depository Institutions. The current system of contemporaneous reserve maintenance for weekly FR 2900 reporters is to be changed to a system under which reserves are maintained on a lagged basis. Under the lagged system, the reserve maintenance period for a weekly FR 2900 reporter will begin 30 days (two full maintenance periods) after the beginning of a reserve computation period. The same lag will be used in the computation of vault cash to be applied to satisfy reserve requirements.

Under the current system for weekly reporters, the reserve maintenance period begins only two days after the beginning of a reserve computation period. Applied vault cash is computed as of the computation period ending two days before the start of the maintenance period.

A computation period will continue to be a 14-day period beginning on Tuesday and ending on Monday. A maintenance period will continue to be a 14-day period beginning on Thursday and ending on Wednesday.

The lagged system will be applicable as of the 14-day maintenance period beginning Thursday, July 30, 1998. For that maintenance period, required reserves and the vault cash that can be used to meet reserve requirements will be based on the 14-day computation period that begins on Tuesday, June 30, 1998.

Table 1 shows the computation periods for reserve requirements and vault cash for the last three maintenance periods under contemporaneous reserve requirements (CRR) and for the first three maintenance periods under lagged reserve requirements (LRR). Please note that during the move from CRR to LRR, on two occasions reserve requirements calculated from a single computation period are to be held in two different maintenance periods—once in the CRR environment and, several weeks later, in the LRR environment. That is, reserve requirements based on the June 30–July 13 computation period

For additional copies, bankers and others are encouraged to use one of the following toll-free numbers in contacting the Federal Reserve Bank of Dallas: Dallas Office (800) 333-4460; El Paso Branch *Intrastate* (800) 592-1631, *Interstate* (800) 351-1012; Houston Branch *Intrastate* (800) 392-4162, *Interstate* (800) 221-0363; San Antonio Branch *Intrastate* (800) 292-5810.

will be held in the next-to-last reserve maintenance period under CRR (July 2–July 15) and in the first maintenance period under LRR (July 30–August 12). Similarly, reserve requirements based on the July 14–July 27 computation period will be held in the last maintenance period under CRR (July 16–July 29) and in the second maintenance period under LRR (August 13–August 26).

As also shown in Table 1, vault cash as of the June 30–July 13 computation period will be applied twice: for the last reserve maintenance period under CRR (July 16–July 29) and for the first reserve maintenance period under LRR (July 30–August 12).

Table 1
Computation and Maintenance Periods

	Computation period		Maintenance period
	Reserve requirements	Vault cash	
CRR	June 16–June 29	June 2–June 15	June 18–July 1
CRR	June 30–July 13	June 16–June 29	July 2–July 15
CRR	July 14–July 27	June 30–July 13	July 16–July 29
LRR	June 30–July 13	June 30–July 13	July 30–August 12
LRR	July 14–July 27	July 14–July 27	August 13–August 26
LRR	July 28–August 10	July 28–August 10	August 27–September 9

MORE INFORMATION

For more information regarding Regulation D, please contact the Reserve Management Division at the Dallas Office at (214) 922-5646. Depository institutions in the following territories should contact the Reserve Maintenance Division of their respective FRB branches: El Paso territory, (915) 521-8213; Houston territory, (713) 652-1538; and San Antonio territory, (210) 978-1426. For additional copies of this Bank’s notice, please contact the Public Affairs Department at (214) 922-5254.

Sincerely yours,

