

## Press Release

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February 07, 2008

### Request for comment on proposed changes to Regulations D and I to incorporate provisions of the Financial Services Regulatory Relief Act of 2006

For immediate release

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The Federal Reserve Board on Thursday requested public comment on proposed changes to Regulation D (Reserve Requirements of Depository Institutions) and Regulation I (Issue and Cancellation of Federal Reserve Bank Stock) to incorporate provisions of the Financial Services Regulatory Relief Act of 2006. The proposed amendments would remove certain restrictions on the way depository institutions maintain required reserves and clarify and update other provisions of the regulations.

The Federal Reserve Act imposes reserve requirements on certain deposits and other liabilities (primarily checking accounts) of depository institutions, such as banks, thrift institutions, and credit unions. Depository institutions must maintain required reserves in the form of cash in their vaults or as a balance in an account at a Federal Reserve Bank. Depository institutions may maintain a balance directly with a Federal Reserve Bank or with a correspondent institution that, in turn, holds reserve balances for respondents in a Federal Reserve account on a "pass-through" basis. The Financial Services Regulatory Relief Act of 2006 amended the Federal Reserve Act to permit both banks that are Federal Reserve System members as well as nonmember banks to enter into pass-through correspondent arrangements. (Member banks

include all national banks and any state-chartered banks that apply for membership and are accepted.) Previously, the Federal Reserve Act permitted only nonmember banks to enter into such arrangements.

The proposal would implement the revisions to the pass-through rules as well as make other changes to clarify and modernize the regulations. These changes include simplifying the restrictions on certain types of transfers and withdrawals that may be made from savings deposits, clarifying the definitions of "time deposit" and "vault cash" to incorporate the substance of previously issued written staff guidance, reorganizing the provisions relating to deposit reporting and to the calculation and maintenance of required reserves, and making other minor editorial changes for clarity, including technical changes to Regulation D and Regulation I relating to the location of a depository institution for purposes of Federal Reserve Bank accounts and stock.

The public comment period ends forty-five days after publication of the proposed amendments in the *Federal Register*, which is expected shortly.

The Board's notice is attached.

Federal Register Notice [94 KB PDF](#) | [TEXT](#)

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