

FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 8810]
April 25, 1980

MONETARY CONTROL ACT OF 1980
Reserve Requirements and Access to Services with Regard to
Certain Former Member Banks and Merged Banks

To All Commercial Banks, and Others Concerned,
in the Second Federal Reserve District:

The Board of Governors of the Federal Reserve System has adopted an interpretation of the Monetary Control Act of 1980 and has amended its Regulation D, "Reserves of Member Banks." The Board's action is designed to implement the Monetary Control Act as it applies to reserve requirements for banks that were members of the Federal Reserve System on July 1, 1979 and subsequently withdrew, and for member banks involved in mergers or consolidations since that date. The interpretation, which is effective as of April 21, 1980, also deals with the availability of Federal Reserve services to those banks.

The following is quoted from the text of the Board's announcement:

The Monetary Control Act of 1980 provides that:

—A bank that was a member of the System on July 1, 1979 and withdrew between that time and March 30, 1980 is required to maintain reserves to the same extent as a member bank.

—A bank that withdraws from the System on or after March 31, 1980 must continue to maintain reserves to the same extent as a member bank.

The Board has approved the following interpretations relating to provisions of the Act:

1. How the date of withdrawal of a member bank from the System is to be determined.
2. Waiving reserve requirements of former member banks for the period March 31 through August 27, 1980. These banks will be required to maintain full reserve requirements thereafter, with provisions for limited extensions to avoid hardships in extraordinary circumstances.
3. How reserve requirements will be applied in the cases of banks that withdrew from the System on or after July 1, 1979 due to merger or consolidation where:
 - (1) a nonmember bank merged or consolidated with a member bank and the surviving bank is a nonmember, when
 - (a) the merger or consolidation took place between July 1, 1979 and August 27, 1980;
 - (b) the merger or consolidation takes place on or after August 28, 1980, or
 - (2) a surviving member bank merges with a nonmember bank after March 30, 1980.
4. How the date of a merger or consolidation will be determined.
5. Policy for access to Federal Reserve services, providing that banks maintaining full Federal reserves pursuant to this interpretation will be given access to all Federal Reserve services.

Enclosed—for commercial banks and bank holding companies in this District—is the text of the official notice of the Board's action. It will be published in the *Federal Register* and will also be sent to you upon request directed to our Circulars Division. Questions on the determination of dates of withdrawal, merger, or consolidation should be directed to our Domestic Banking Applications Department (Tel. No. 212-791-5863); questions relating to the maintenance of reserves should be directed to our Accounting Department (Tel. No. 212-791-5250, 5251, 7769, or 7792).

ANTHONY M. SOLOMON,
President.