

FEDERAL RESERVE BANK
OF NEW YORK

AT 8912
September 4, 1980

REGULATION D—RESERVE REQUIREMENTS
OF DEPOSITORY INSTITUTIONS
Effective November 13, 1980

*To the Chief Executive Officer of Each Member Bank
in the Second Federal Reserve District:*

As you may already be aware, with the passage of the Monetary Control Act of 1980 (Public Law 96-221) all depository institutions offering transaction accounts or nonpersonal time deposits will become subject to the Federal Reserve's Regulation D, on reserve requirements. A copy of Regulation D, which has been revised to reflect the new legislation, is enclosed. Also enclosed are press releases that give highlights of the new reserve requirement structure.

All member banks will continue to be subject to reserve requirements. Banks with total deposits of \$5 million or more will continue to report and to maintain reserves on a weekly basis. For such banks, reporting under the new structure will begin for deposits as of October 30, 1980, and reserve maintenance under the new structure will begin on November 13, 1980.

In order to reduce the regulatory burden, the Board of Governors of the Federal Reserve System has adopted a procedure of quarterly rather than weekly reporting and reserve maintenance for member banks with total deposits of less than \$5 million. This procedure will begin in January 1981. However, until that time, member banks with less than \$5 million in total deposits should continue to report and maintain reserves on a weekly basis. For such institutions, weekly reporting under the new structure will also begin with deposits as of October 30, 1980, and reserve maintenance under the new structure on November 13, 1980.

Eligibility for the quarterly reporting procedures will be based on total deposits as of December 31, 1979. For banks that have commenced operations since that date, the latest available data should be used. To determine the amount of your bank's total deposits, add total transaction accounts to total time and savings deposits (regardless of maturity and whether personal or nonpersonal).

Detailed information on weekly reporting and reserve maintenance will be provided to all member banks within the next several weeks. Information on the quarterly procedures will be provided to eligible banks later this year.

Questions regarding these matters may be directed to one of the following officers of this Bank:

Richard J. Gelson, Assistant Vice President (Tel. No. 212-791-7904), for questions on reserve reporting procedures.

Thomas J. Campbell, Accounting Officer (Tel. No. 212-791-7769), for questions on reserve requirements and reserve account maintenance.

Bradley K. Sabel, Assistant Counsel and Assistant Secretary (Tel. No. 212-791-5033), for questions on reserve requirements—interpretative and technical issues.

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ANTHONY M. SOLOMON,
President.

As you may already be aware, with the passage of the Depository Institutions and Monetary Control Act of 1980 (P.L. 96-87) all depository institutions offering transaction accounts or computer-aided time deposits will become subject to the Federal Reserve's Regulation D on reserve requirements. A copy of Regulation D, which has been revised to reflect the new legislation, is enclosed. The enclosed press release that gives highlights of the new reserve requirement structure.

All member banks will continue to be subject to reserve requirements. Banks with total deposits of \$5 million or more will continue to report and maintain reserves on a weekly basis. For such banks reporting under the new structure will begin on October 30, 1980, and reserve requirements under the new structure will begin on November 13, 1980.

In order to reduce the regulatory burden on the Board of Governors of the Federal Reserve System has adopted a procedure of quarterly rather than weekly reporting and reserve maintenance for member banks with total deposits of less than \$5 million. The procedure will begin in January 1981. However, until that time member banks with less than \$5 million in total deposits should continue to report and maintain reserves on a weekly basis. For such member banks reporting under the new structure will also begin with reserves as of October 30, 1980, and reserve requirements under the new structure on November 13, 1980.

Eligibility for the quarterly reporting procedure will be based on total deposits as of December 31, 1979. For banks that have experienced significant growth since that date, the latest available data should be used. To determine the amount of your bank's total deposits, add total transaction accounts to total time and savings deposits (excluding certificates of deposit) and whether personal or nonpersonal.

Detailed information on weekly reporting and reserve maintenance will be provided in all member banks within the next several weeks. Inquiries on the quarterly procedures will be provided to eligible banks later this year.