

FEDERAL RESERVE BANK  
OF NEW YORK

Circular No. 8941  
October 24, 1980

DEFERRAL OF CERTAIN REPORTING AND RESERVE  
MAINTENANCE REQUIREMENTS UNDER THE  
MONETARY CONTROL ACT

To All Depository Institutions  
in the Second Federal Reserve District:

The Board of Governors of the Federal Reserve System has announced a series of actions to extend the deferral of certain reporting and reserve maintenance requirements under the Monetary Control Act of 1980 for small depository institutions.

Following is the text of a statement issued by the Board of Governors in this matter:

The Federal Reserve Board announced an increase in the number of financial institutions that may follow simplified procedures under the reporting and reserve requirement provisions of the Monetary Control Act of 1980. This will substantially reduce the reporting burden for small institutions.

The Board deferred *all* reserve and reporting requirements for nonmember depository institutions with less than \$2 million in total deposits (as of December 31, 1979) until May, 1981. At the same time, the Board adopted a procedure for *quarterly* reporting and reserve maintenance for institutions between \$2 million and \$15 million in total deposits beginning next January.

(Between now and January 15, nonmember institutions with deposits between \$2 million and \$15 million will not be required to report or hold reserves. Member banks of this size will continue to report and hold reserves weekly during that period).

Institutions with more than \$15 million or more in total deposits are required to report weekly to the Federal Reserve (beginning with the reporting week of October 30-November 5) and begin maintaining reserve requirements on November 13.

When the Board issued its revised regulation on reserve requirements last August, it sought to hold down the burden for small institutions by adopting a deferred status for nonmembers with less than \$1 million in total deposits and quarterly reporting and reserves for institutions between \$1 million and \$5 million.

Since that time, the Federal Reserve Banks have conducted hundreds of meetings and seminars with depository institutions that will be affected by the Monetary Control Act, instructing them on the provisions of the Act and the reports and reserves that are required by it.

As a result of the information gathered at these meetings and from analysis of more recent data, the Board decided that it could adopt simplified procedures for a larger number of small institutions without any substantive impact on the System's ability to control the monetary aggregates. The MCA extended Federal reserve requirements to all depository institutions that offer transaction accounts and accept non-personal time deposits.

The deferral of reporting and reserve requirements for nonmembers with less than \$2 million in deposits will affect about 17,000 institutions, primarily credit unions. These institutions, however, hold less than ½ percent of deposits in all affected institutions—commercial banks, mutual savings banks, savings and loan associations and credit unions.

(Over)

Almost 10,000 institutions with deposits between \$2 million and \$15 million will be affected by quarterly reporting and reserve maintenance beginning January 1981. These institutions hold less than 4 percent of all deposits.

Consequently, the simplified procedures will relieve a reporting burden for 27,000 institutions—about two-thirds of the total covered by the new law—which hold only 4.33 percent of all deposits. The great bulk of these institutions could cover any required reserves with vault cash and would not be required to deposit funds with the Federal Reserve in any case.

These actions do not affect the U.S. agencies and branches of foreign banks and Edge Act and Agreement corporations.

Questions regarding the Board's actions may be directed to the following persons at this Bank:

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

Jane L. Katz, Chief, Accounting Control Division (Tel. No. 212-791-5250), 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.

ANTHONY M. SOLOMON,  
*President.*