

**FEDERAL RESERVE BANK  
OF NEW YORK**

[ Circular No. 9224 ]  
[ December 30, 1981 ]

**AMENDMENT TO REGULATION D**

**Change in Dollar Limits of Reserve Requirement Classifications**

*To All Depository Institutions in the Second  
Federal Reserve District, and Others Concerned:*

Following is the text of a statement by the Board of Governors of the Federal Reserve System:

The Federal Reserve Board has announced adjustment of the amount of net transaction accounts to which the lowest — 3 percent — reserve requirement will apply in 1982.

The change increased the amount of net transaction accounts to which the 3 percent requirement applies from \$25 million to \$26 million in any one depository institution.

The Board made the change in accordance with provisions of the Monetary Control Act of 1980. The Act requires that the Board amend its Regulation D (Reserves of Depository Institutions) annually to increase the amount of transaction accounts against which the 3 percent reserve requirement will apply in the next calendar year to 80 percent of the percentage increase in transaction accounts held by all depository institutions on the previous June 30.

The growth in total net transaction accounts of all depository institutions from June 30, 1980 to June 30, 1981 was 5.25 percent. The statutory rule thus requires an increase of 4.2 percent, or to \$26 million.

Printed on the reverse side is the text of the amendment, effective December 31, 1981, which has been reprinted from the *Federal Register*. Also, enclosed is a copy of a revised Supplement to Regulation D reflecting the Board's current action. Questions regarding this matter may be directed to our Statistics Department (Tel. No. 212-791-5794).

ANTHONY M. SOLOMON,  
*President.*

(OVER)

## FEDERAL RESERVE SYSTEM

### 12 CFR Part 204

[Docket No. R-0378; Reg. D]

#### Reserve Requirements of Depository Institutions; Reserve Requirement Ratios

**AGENCY:** Board of Governors of the Federal Reserve System.

**ACTION:** Final rule.

**SUMMARY:** The Board is amending Regulation D—Reserve Requirements of Depository Institutions (12 CFR Part 204)—to adjust the dollar amount of transaction accounts subject to a reserve requirement ratio of 3 per cent for depository institutions, Edge and Agreement Corporations and United States branches and agencies of foreign banks, as required by the Monetary Control Act of 1980 (Title I of Pub. L. 96-221). Under the amendment, the first \$26 million of an institution's net transaction accounts will be subject to a 3 per cent reserve ratio, and amounts in excess of \$26 million will be subject to a 12 per cent reserve ratio. Presently, only the first \$25 million of a depository institution's net transaction accounts are subject to a 3 per cent reserve ratio.

**EFFECTIVE DATE:** December 31, 1981. The first reserve maintenance period to which the amendment applies commences January 14, 1982.

**FOR FURTHER INFORMATION CONTACT:** Gilbert T. Schwartz, Associate General Counsel (202/452-3625), Paul S. Pilecki, Senior Attorney (202/452-3281) or Veryl V. Miles, Attorney (202/452-3611), Legal Division, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

**SUPPLEMENTARY INFORMATION:** The Monetary Control Act of 1980 (Title I of Pub. L. 96-221) ("MCA") requires each depository institution to maintain with the Federal Reserve System reserves against its transaction accounts and nonpersonal time deposits, as prescribed by Board regulations. Included in the definition of depository

institutions that are required to maintain reserves pursuant to the MCA are Federally-insured commercial banks or any such bank that is eligible to apply to become insured by the Federal Deposit Insurance Corporation; any mutual or stock savings bank; any savings and loan association that is a member of a Federal Home Loan Bank or insured by, or eligible to apply for insurance with, the Federal Savings and Loan Insurance Corporation; and any credit union that is insured by, or eligible to apply for insurance with, the National Credit Union Administration Board. One of the major functions of the imposition of universal reserve requirements is to enhance the ability of the Federal Reserve to conduct monetary policy.

The initial reserve requirements imposed under the MCA were set at 3 per cent for each depository institution's transaction accounts of \$25 million or less and at 12 per cent on transaction accounts above \$25 million, which the Board is authorized to vary between 8 and 14 per cent. The MCA further provides that the Board shall issue a regulation before December 31 of each year, beginning in 1981, adjusting for the next calendar year the total dollar amount of the transaction account tranche against which reserves must be maintained at a ratio of 3 per cent. The increase in the tranche is to be 80 per cent of the percentage increase in total transaction accounts for all depository institutions determined as of June 30 of each year. The growth in the total net transaction accounts of all depository institutions from June 30, 1980, to June 30, 1981, was 5.25 per cent. In accordance with these provisions of the MCA, the Board is amending Regulation D to increase the amount of the low reserve tranche for transaction accounts for 1982 to \$26 million.

The provisions of 5 U.S.C. 553(b) relating to notice and public participation have not been followed in connection with the adoption of this amendment because the change to be effected involves an adjustment prescribed by statute and, thus, the

Board believes that notice and public participation is unnecessary. The Board's extended rulemaking procedures (44 FR 3957 (1979)) have not been followed because the amendment relieves a burden on depository institutions and because following such procedures could interfere with necessary and prompt action that would be in the public interest. The effective date of the amendment has not been deferred pursuant to 5 U.S.C. 553(d), since the Board's action relieves a restriction by reducing the reserve requirements of depository institutions and since deferring the effective date would be inconsistent with section 103 of the MCA (12 U.S.C. 461(b)(2)(C)).

#### PART 204—RESERVE REQUIREMENTS OF DEPOSITORY INSTITUTIONS

Effective December 31, 1981, pursuant to the Board's authority under section 19 of the Federal Reserve Act, 12 U.S.C. 461 *et seq.*, paragraph (a) of § 204.9 of Regulation D, 12 CFR Part 204, is revised to read as follows:

##### § 204.9 Reserve requirement ratios.

(a) *Reserve percentages.* The following reserve ratios are prescribed for all depository institutions, Edge and Agreement Corporations and United States branches and agencies of foreign banks:

Category	Reserve requirement
* Net transaction accounts:	
0 to \$26 million	3 pct of amount.
Over \$26 million	\$780,000 plus 12 pct of amount over \$26 million.
Nonpersonal time deposits:	
By original maturity (or notice period):	
Less than 4 years	3 pct.
4 years or more	0 pct.
Eurocurrency liabilities	3 pct.

By order of the Board of Governors,  
December 16, 1981.

**William W. Wiles,**  
*Secretary of the Board.*

**BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM**  
**RESERVE REQUIREMENTS OF DEPOSITORY INSTITUTIONS**

SUPPLEMENT TO REGULATION D

(effective December 31, 1981)

As amended effective for reserves required to be maintained during the seven-day period beginning January 14, 1982, against deposits outstanding during the seven-day period beginning on December 31, 1981.

**SECTION 204.9 — RESERVE REQUIREMENT RATIOS**

(a) **Reserve percentages.** The following reserve ratios are prescribed for all depository institutions, Edge and Agreement Corporations and United States branches and agencies of foreign banks:

Category	Reserve requirements		
		over \$2 million-\$10 million	\$140,000 + 9½% of amount over \$2 million
		over \$10 million-\$100 million	\$900,000 + 11¾% of amount of over \$10 million
		over \$100 million-\$400 million	\$11,475,000 + 12¾% of amount over \$100 million
		over \$400 million	\$49,725,000 + 16¼% of amount over \$400 million
<i>Net transaction accounts:</i>			
\$0-\$26 million	3% of amount		
Over \$26 million	\$780,000 plus 12% of amount over \$26 million		
		<i>Savings deposits</i>	3%

*Nonpersonal time deposits:*

By original maturity (or notice period)

less than 4 years	3%
4 years or more	0%

*Eurocurrency liabilities*

3%

*Time deposits*

(subject to 3% minimum specified by law)

By initial maturity:

Less than 180 days	
\$0-5 million	3%
over \$5 million	6%

(b) **Reserve ratios in effect during last computation period prior to September 1, 1980.**

Category                      Reserve Requirement

*Net Demand Deposits*

Deposit Tranche:

\$0-\$2 million	7%
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180 days to 4 years	2½%
4 years or more	1%

Accounts authorized pursuant to Section 303 of Public Law 96-221 offered by member banks located in States outside Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island and Vermont                      12%

Club accounts	3%
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For purposes of computing the reserves under this Part, that would have been required using the reserve ratios that were in effect on August 31, 1980, the reserve ratio on time deposits of a member bank shall be the average time deposit ratio of the member bank during the 14-day period ending August 6, 1980, except that the reserve ratio on

time deposits of a nonmember bank that was a member bank on or after July 1, 1979, but which became a nonmember bank before March 31, 1980, may be the average time deposit ratio of the non-member during the 14-day period ending August 27, 1980.