

**FEDERAL RESERVE BANK
OF NEW YORK**

Circular No. 9285
April 28, 1982

**Elimination of Reserve Requirements
on Certain Nonpersonal Time Deposits**

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

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

The Federal Reserve Board today announced a modification of reserve requirements on long-term nonpersonal time deposits.

Under the change, nonpersonal time deposits with original maturities of 3½ years or more will have no required reserve. Nonpersonal time deposits with original maturities of less than 3½ years will continue to be subject to a 3 percent reserve requirement.

The existing Board regulation provides for a 3 percent reserve requirement on all nonpersonal time deposits with original maturities of less than 4 years.

The new action was taken in light of authority granted by the Depository Institutions Deregulation Committee for a new ceiling-free time deposit with an original maturity of 3½ years or more which may be offered by institutions beginning May 1 in either negotiable or nonnegotiable form.

Under the Monetary Control Act, a negotiable time deposit is defined as nonpersonal and thus subject to reserve requirements regardless of ownership.

Depository institutions will be required to maintain reserves pursuant to this modification beginning May 13 (based on deposit levels for the week of April 29 through May 5).

This action should not be regarded as a commitment by the Board to continue shortening the maturity of time deposits subject to this reserve requirement in line with the announced schedule of DIDC for ceiling-free deposits. Future decisions of this nature will depend on experience and prevailing monetary and credit conditions.

Questions regarding this matter may be directed to our Consumer Affairs and Bank Regulations Department (Tel. No. 212-791-5914).

ANTHONY M. SOLOMON,
President.