

**FEDERAL RESERVE BANK
OF NEW YORK**

[Circular No. 9590]
December 6, 1983

RESERVE REQUIREMENTS

Amendment to Regulation D, Effective January 12, 1984

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

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

The Federal Reserve Board has announced an increase in the amount of net transaction accounts to which the lowest — 3 percent — reserve requirement will apply in 1984 from \$26.3 million to \$28.9 million. The Board also increased the amount of reservable liabilities in depository institutions that are subject to a zero percentage reserve requirement from \$2.1 million to \$2.2 million.

The Board made the changes in accordance with provisions of the Monetary Control Act of 1980 and the Garn-St Germain Depository Institutions Act of 1982.

The Monetary Control Act requires the Board to amend its Regulation D (Reserve Requirements of Depository Institutions) annually to increase the amount of transaction accounts subject to a 3 percent reserve requirement in the next calendar year to 80 percent of the annual percentage increase in transaction accounts held by all depository institutions. The growth in total net transaction accounts of all depository institutions from June 30, 1982 to June 30, 1983 was 12.5 percent. The statutory rule thus requires an increase of 10 percent or to \$28.9 million.

The Garn-St Germain Act requires the Board to amend Regulation D to adjust the amount exempt from reserve requirements for the upcoming year by 80 percent of the annual percentage increase in total reservable liabilities. Growth in total reservable liabilities was 5.1 percent from June 30, 1982 to June 30, 1983, requiring an increase in the reserve requirement exemption to \$2.2 million.

The adjustments take effect for all depository institutions with the reserve maintenance period beginning January 12, 1984.

In its official notice of the change, the Board also stated, with respect to the effective date:

Reserve requirements will be reduced for the reserve maintenance week that begins on January 12, 1984, for all depository institutions. These amendments will be effective for the reserve computation period that begins on December 29, 1983, for a weekly reporter, and December 15, 1983, for a depository institution that reports deposits and maintains reserves on a quarterly basis. In addition, all entities currently submitting Form FR 2900 will continue to submit reports to the Federal Reserve under current reporting procedures.

(OVER)

Enclosed is a copy of an amendment to Regulation D, reflecting the Board's action. The full text of the Board's official notice will be published in the *Federal Register*; copies will be furnished upon request directed to our Circulars Division (Tel. No. 212-791-5216). Questions regarding Regulation D may be directed to the following:

Reporting Requirements:

Richard J. Gelson, Vice President (Tel. No. 212-791-8225)
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Maintenance Requirements:

Kathleen A. O'Neil, Manager, Accounting Department (Tel. No. 212-791-5250)
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Interpretation of Regulation D:

Joyce E. Motylewski, Assistant Counsel, Legal Department (Tel. No. 212-791-5024)
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ANTHONY M. SOLOMON,
President.

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

AMENDMENT TO REGULATION D

Reserve Requirement Ratios

Effective January 12, 1984, pursuant to the Board's authority under section 19 of the Federal Reserve Act, 12 U.S.C. § 461 et seq., 12 CFR Part 204 is amended by revising paragraph (a) of section 204.9 to read as follows:

SECTION 204.9 -- RESERVE REQUIREMENT RATIOS

(a)(1) 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:

<u>Category</u>	<u>Reserve requirement</u>
<u>Net transaction accounts</u>	
\$0 - \$28.9 million	3% of amount
over \$28.9 million	\$867,000 plus 12% of amount over \$28.9 million
<u>Nonpersonal time deposits</u>	
By original maturity (or notice period):	
Less than 1-1/2 years	3%
1-1/2 years or more	0%
<u>Eurocurrency liabilities</u>	3%

(2) Exemption from reserve requirements. Each depository institution, Edge or Agreement corporation, and U.S. branch or agency of a foreign bank is subject to a zero percent reserve requirement on an amount of its transaction accounts subject to the low reserve tranche in paragraph (a)(1), nonpersonal time deposits, or Eurocurrency liabilities or any combination thereof not in excess of \$2.2 million determined in accordance with section 204.3(a)(3) of this Part.

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