

**FEDERAL RESERVE BANK
OF NEW YORK**

[Circular No. 9726
September 13, 1984]

SUPPLEMENTARY DEPOSIT AGREEMENTS BY FOREIGN BANKS

*To All Foreign Banks with a Branch or Agency in the Second
Federal Reserve District, and Others Concerned:*

Paragraph 9 of Operating Circular No. 7A contains the terms of agreement between a foreign bank with a branch or agency in the Second Federal Reserve District ("Institution") and this Bank pertaining to the application of the balance in the Institution's funds deposit account ("Deposit Account") with this Bank to the asset-maintenance requirement of Section 202-b(2) of the New York Banking Law and regulations or orders issued thereunder. Effective July 25, 1983, the New York State legislature amended Section 202-b(2) so as to allow the New York Banking Board to determine the amount required to be maintained, expressed in terms of a percentage of an Institution's liabilities payable at its agencies or branches. Subsequently, effective August 8, 1983, the New York Banking Board set the amount to be maintained at zero percent of liabilities, except when the Superintendent of Banking decides that imposition of specific asset-maintenance requirements is necessary (General Regulations of the Banking Board, Part 52).

As a result, the current provisions of paragraph 9 no longer apply to all foreign banks and are being revoked. If a foreign bank is required subsequently to comply with an asset-maintenance requirement, we are prepared to consider an individual arrangement similar to the one in the superseded paragraph 9.

Section 202-b(1) of the New York Banking Law provides that a foreign bank with a New York branch must pledge and keep on deposit assets as specified in that section. Part 51 of the General Regulations of the Banking Board contains provisions pertaining to the pledge of assets pursuant to Section 202-b(1). Institutions wishing to keep deposits with this Bank in compliance with Section 202-b(1) and Part 51 of the Regulations are required to execute a "Supplementary Deposit Agreement," which is approved by the Superintendent of Banks and contains provisions required by the Banking Department of New York State. A number of foreign banks have entered into Supplementary Deposit Agreements with this Bank.

Enclosed is a copy of the First Supplement to Operating Circular No. 7A, which replaces the existing paragraph 9 with a new paragraph 9 containing the required terms of Supplementary Deposit Agreements entered into by this Bank. It will apply to foreign banks currently holding such agreements, as well as to those executing agreements after the effective date of the new paragraph 9. This new paragraph 9 has been approved by the Superintendent of Banking.

Also enclosed is a copy of the First Supplement to Appendix B to Operating Circular No. 12, containing a related change in the Continuing Lending Agreement of foreign banks.

Questions regarding this matter may be directed to Donald R. Anderson, Manager, Accounting Department (Tel. No. 212-791-5228).

ANTHONY M. SOLOMON,
President.

**FEDERAL RESERVE BANK
OF NEW YORK**

First Supplement to
Appendix B to
Operating Circular No. 12
(January 26, 1984)

Effective October 1, 1984

**SUPPLEMENTAL CONTINUING
LENDING AGREEMENT AND
BORROWING DOCUMENTS
FOR FOREIGN BANKS**

*To All Foreign Banks with a Branch or Agency in the Second
Federal Reserve District, and Others Concerned:*

Paragraph 4 of Appendix B to Operating Circular No. 12 has been amended to read as follows:

Deposit requirements

4. The Bank's lien under the Continuing Lending Agreement on any deposit balance held by the Bank for the account of the Borrower that is used to satisfy the special deposit requirement of Section 202-b(1) of the New York Banking Law is subject to the provisions of paragraph 9 of the Bank's Operating Circular No. 7A, as amended from time to time.

ANTHONY M. SOLOMON,
President.

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**FEDERAL RESERVE BANK
OF NEW YORK**

First Supplement to
Operating Circular No. 7A
(October 14, 1980)
Effective October 1, 1984

**FOREIGN BANK ACCOUNT AGREEMENT
Supplementary Deposit Agreements**

*To All Foreign Banks with a Branch or Agency in the Second
Federal Reserve District, and Others Concerned:*

Operating Circular No. 7A has been amended as follows:

1. Paragraph 9 has been amended to read as follows:

9. If Institution operates one or more branches in the State of New York under a license issued by the Superintendent of Banks and is required by Section 202-b(1) of the New York Banking Law and regulations or orders issued thereunder to keep on deposit certain specified assets in the State of New York, this Bank and Institution agree that the Bank will accept such deposits at Institution's request according to the terms of the following Supplementary Deposit Agreement ("SD Agreement"), which has been approved by the Superintendent of Banks:

(a) This Bank agrees to accept deposits of securities and funds made by Institution pursuant to the requirements of Section 202-b(1) of the New York Banking Law, until termination of the SD Agreement. Securities or funds deposited under this SD Agreement will be held in a Supplemental Deposit Account, separate from all other accounts, including those of Institution. Incorporated as a part hereof are the provisions of Section 51.2 of Part 51 of the General Regulations of the New York Banking Board, as amended from time to time, except that the rights and obligations of this Bank shall be unaffected by any such amendment for which this Bank has not received at least 14 calendar days' prior written notice from the Banking Board after the date such amendment is adopted in final form.

(b) As of the effective date of this SD Agreement, the provisions of this paragraph 9 revoke and replace all prior Supplementary Deposit Agreements between this Bank and Institution made pursuant to Section 202-b(1) of the New York Banking Law.

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(c) This Bank reserves the right to amend this paragraph at any time; however, any amendment to the provisions of this paragraph 9 shall not become effective until the 14th calendar day after written notice of such amendment has been received by the Superintendent of Banks. In addition, this Bank will endeavor to give 14 calendar days' prior written notice of any amendments to this paragraph 9 to all affected Institutions.

2. The introductory paragraph of Operating Circular No. 7A is amended by including the following in the first sentence after the phrase "for clearing balances" and before the word "and":

" , a deposit balance used to satisfy the special deposit requirement of Section 202-b(1) of the New York Banking Law, ".

ANTHONY M. SOLOMON,
President.