

AT 10188

**FEDERAL RESERVE BANK
OF NEW YORK**

August 25, 1987

RESERVE REQUIREMENTS
Expiration of Transitional Adjustment Period
for Nonmember Institutions

*To All Nonmember Banks, Thrift Institutions,
and Credit Unions in the Second Federal Reserve District:*

On Wednesday, September 9, 1987, the final transitional period for adjustment by nonmember institutions to full required reserves, as provided in Section 204.4(a) of Federal Reserve Regulation D, will expire. This transitional adjustment period applied to depository institutions that were engaged in business prior to July 1, 1979 and that were not then and have not since become members of the Federal Reserve System. Such institutions were required to satisfy a reserve requirement for the first time under the terms of the Monetary Control Act of 1980, but were permitted to "phase-in" this new requirement according to a seven-year transitional adjustment schedule.

Beginning September 10, 1987, nonmember depository institutions will be required to maintain the full amount of their required reserves. As a result, most institutions in this class will experience an increase in their reserve requirements. Some institutions that have in the past satisfied their entire requirement with vault cash may be required to maintain reserve balances at this Bank or with a pass-through correspondent. Institutions that will need to establish an account relationship to satisfy reserve requirements, or that require information on reserve requirements, should contact, at the Head Office, Donald R. Anderson, Manager, Accounting Department (Tel. No. 212-720-5250) or Anthony Fressola, Chief, Accounting Control Division (Tel. No. 212-720-5803) or, at the Buffalo Branch, Gary S. Weintraub, Cashier (Tel. No. 716-849-5020) or Philip G. Coletti, Chief, Central Operations Division (Tel. No. 716-849-5064).

RALPH A. CANN, III,
Vice President.