

**FEDERAL RESERVE BANK
OF NEW YORK**

[Circular No. **10638**]
May 18, 1993]

SECTION 20 SUBSIDIARIES

Factors in Calculating Compliance with Index Revenue Test

*To All Bank Holding Companies, 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 released its quarterly table of factors to adjust interest income to be used by section 20 companies that adopt the Board's alternative index revenue test to measure compliance with the 10 percent limit on bank-ineligible securities activities.

Printed on the reverse side is the table of factors. Questions thereon may be directed to David L. Fanger, Manager, Banking Applications Department (Tel. No. 212-720-1465).

E. GERALD CORRIGAN,
President.

(Over)

Adjustment Factors for Interest Income of Section 20 Subsidiaries
 April 1, 1993

Ratio of Interest Rates to those in September 1989

Duration	1991				1992				1993
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Months									
One	1.33	1.42	1.42	1.72	1.99	2.10	2.50	2.70	2.67
Three	1.29	1.40	1.45	1.71	2.01	2.12	2.54	2.54	2.66
Six	1.29	1.37	1.43	1.70	1.99	2.08	2.50	2.44	2.57
Twelve	1.28	1.33	1.40	1.68	1.91	1.96	2.40	2.32	2.43
Years									
Two	1.13	1.16	1.24	1.47	1.43	1.46	1.89	1.83	1.83
Three	1.09	1.10	1.16	1.36	1.30	1.33	1.67	1.62	1.61
Four	1.05	1.04	1.09	1.25	1.22	1.23	1.49	1.43	1.48
Five	1.03	1.02	1.06	1.21	1.17	1.17	1.39	1.35	1.40
Six	1.01	1.00	1.04	1.16	1.14	1.13	1.31	1.28	1.35
Seven	1.00	0.99	1.02	1.13	1.11	1.10	1.26	1.25	1.30
Ten	0.99	0.98	1.00	1.06	1.06	1.04	1.14	1.14	1.21
Twenty	0.97	0.95	0.96	0.99	1.01	0.99	1.03	1.03	1.08
Thirty	0.95	0.94	0.94	0.95	0.96	0.95	0.97	0.97	1.03

Note: Adjustment factors were calculated using secondary-market quotes of the yields on Treasury bills for durations of one, three, six, and twelve months and on STRIPs, or zero-coupon Treasury securities, for durations two years and greater. Data are averages of Wednesday observations.