

FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 6614]
October 7, 1970]

AMENDMENT TO REGULATION D
Transfers from Trust Department Savings Deposits to Cover Checks

*To All Member Banks, and Others Concerned,
in the Second Federal Reserve District:*

Enclosed is a copy of an amendment, effective November 9, 1970, to Regulation D, "Reserves of Member Banks," of the Board of Governors of the Federal Reserve System. The amendment is designed to prevent the use of funds deposited by a member bank's trust department in a savings deposit in the commercial department of that bank in tandem with a checking account so as to avoid the higher demand-deposit reserve requirements.

A broader version of this amendment, covering all time deposits of trust departments, was submitted by the Board of Governors for public comment in March 1970; the text of that version was sent to you in our Circular No. 6517, dated April 3, 1970. In confining the final version of the amendment to savings deposits of a trust department, the Board stated, "it is intended that the trust department of a member bank may continue to classify a certain portion of the funds on deposit in its commercial department as a time deposit in accordance with the interpretation set forth at § 204.102 (1959 *Federal Reserve Bulletin* 1475)."

Additional copies of the amendment will be furnished upon request.

ALFRED HAYES,
President.

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

RESERVES OF MEMBER BANKS

AMENDMENT TO REGULATION D

Effective November 9, 1970, section 204.1(e)(1) is amended to read as follows:

SECTION 204.1—DEFINITIONS

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(e) **Savings deposits.** The term "savings deposit" means a deposit—

(1) which consists of funds deposited to the credit of one or more individuals, or of a corporation, association, or other organization operated primarily for religious, philanthropic, charitable, educational, fraternal, or other similar purposes and not operated for profit;⁴ or in which the entire beneficial interest is held by one or more individuals or by such a corporation, association, or other organization, except where the deposit is to the credit of the bank's own trust department and the funds involved are utilized to cover checks; and

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⁴ Deposits in joint accounts of two or more individuals may be classified as savings deposits if they meet the other requirements of the above definition, but deposits of a partnership operated for profit may not be so classified. Deposits to the credit of an individual of funds in which any beneficial interest is held by a corporation, partnership, association, or other organization operated for profit or not operated primarily for religious, philanthropic, charitable, educational, fraternal, or other similar purposes may not be classified as savings deposits.