

FEDERAL RESERVE BANK
OF NEW YORK

Circular No. 6959
June 21, 1972

AMENDMENTS TO REGULATIONS D AND J
Effective September 21, 1972

*To the Chief Executive Officers of All Banks
in the Second Federal Reserve District:*

The Board of Governors of the Federal Reserve System has adopted changes in Regulation D, Reserves of Member Banks, and Regulation J, Collection of Checks and Other Items by Federal Reserve Banks, to be effective September 21, 1972. The Board has amended its original proposals, published for comment in the Federal Register of April 1, in the light of various comments and suggestions submitted to the Board directly or through the Federal Reserve Banks, which have held meetings and discussions on the proposals with bankers and other interested parties. We expect to send to you tomorrow the full texts of the changes in Regulations D and J, as well as the text of a related Board statement.

The modifications in the proposals, as now adopted, reflect the Board's desire to make a smooth transition to the new rules. Such modifications include a change from 13 percent to 12 percent in the reserve requirement on net demand deposits between \$10 million and \$100 million, and a provision for waiver of penalties, over a period of up to 21 months for some banks, on reserve deficiencies primarily attributable to the new check collection procedures.

During the next three months, prior to the effective date of the changes in the regulations, representatives of this Bank will work with you to make all necessary payment arrangements and to develop a schedule for waiver of penalties, when applicable. We shall also be working with many banks in this District on the creation of additional regional check processing centers in an effort to expedite the development of a nationwide network for faster and more efficient check clearings.

Alfred Hayes,
President.