

Federal Reserve Bank of San Francisco  
101 Market Street, San Francisco, California 94105

February 28, 2008

**BANKING SUPERVISION AND REGULATION:  
REQUEST FOR COMMENT**

To State Member Banks, Bank  
Holding Companies, U.S. Branches  
and Agencies of Foreign Banks,  
and Others Concerned,  
in the Twelfth Federal Reserve District

**Request for Comment on Proposed Changes to Regulations D and I**

The Federal Reserve Board requested public comment on proposed changes to Regulation D (Reserve Requirements of Depository Institutions) and Regulation I (Issue and Cancellation of Federal Reserve Bank Stock) to incorporate provisions of the Financial Services Regulatory Relief Act of 2006. The proposed amendments would remove certain restrictions to the way depository institutions maintain required reserves.

The Federal Reserve Act imposes reserve requirements on certain deposits and other liabilities of depository institutions, primarily checking accounts; as well as others, such as banks, thrift institutions, and credit unions. Depository institutions must maintain required reserves in the form of cash in their vaults or as a balance in an account at a Federal Reserve Bank. Depository institutions may maintain a balance directly with a Federal Reserve Bank or with a correspondent institution that, in turn, holds reserve balances for respondents in a Federal Reserve account on a "pass-through" basis. The Financial Services Regulatory Relief Act of 2006 amended the Federal Reserve Act to permit both banks that are Federal Reserve System members as well as nonmember banks to enter into pass-through correspondent arrangements. Member banks include all national banks and any state-chartered banks that apply for membership and are accepted. Previously, the Federal Reserve Act permitted only nonmember banks to enter into such arrangements.

The proposal would implement the revisions to the pass-through rules as well as make other changes to clarify and modernize the regulations, which would include the following:

- simplify the restrictions on certain types of transfers and withdrawals that may be made from savings deposits
- clarify the definitions of "time deposit" and "vault cash" to incorporate the substance of previously issued written staff guidance
- reorganize provisions relating to deposit reporting and to the calculation and maintenance of required reserves
- other minor editorial changes for clarity, including technical changes to Regulation D and Regulation I relating to the location of a depository institution for purposes of Federal Reserve Bank accounts and stock

The *Federal Register* notice is attached and comments must be received on or before March 28, 2008.

**Additional Information**

All circulars and documents are available on the Internet through the Federal Reserve Bank of San Francisco's website, at <http://www.frbsf.org/banking/letters>.

For additional information, please contact our San Francisco Federal Reserve General Help Line at (866) 838-9247.

FEDERAL RESERVE BANK OF SAN FRANCISCO

**Attachments:** [Docket No. R-1307](#)