

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

November 18, 2010

To State Member Banks, Bank
Holding Companies, Financial Holding
Companies, and Foreign Bank Offices
in the Twelfth Federal Reserve District

Annual Adjustments for Reserve Calculations and Deposit Reporting, Regulation D

The Federal Reserve Board announced on October 26, 2010 the annual indexing of the reserve requirement exemption amount and of the low reserve tranche for 2011. These amounts are used in the calculation of reserve requirements of depository institutions. The Board also announced the annual indexing of the nonexempt deposit cutoff level and the reduced reporting limit that will be used to determine deposit reporting panels effective 2011.

All depository institutions must hold a percentage of certain types of deposits as reserves in the form of vault cash, as a deposit in a Federal Reserve Bank, or as a deposit in a pass-through account at a correspondent institution. Reserve requirements currently are assessed on the depository institution's net transaction accounts (mostly checking accounts). Depository institutions must also regularly submit deposit reports of their deposits and other reservable liabilities.

For net transaction accounts in 2011, the first \$10.7 million, unchanged from its level in 2010, will be exempt from reserve requirements. A 3 percent reserve ratio will be assessed on net transaction accounts over \$10.7 million up to and including \$58.8 million, up from \$55.2 million in 2010. A 10 percent reserve ratio will be assessed on net transaction accounts in excess of \$58.8 million.

These annual adjustments, known as the low reserve tranche adjustment and the reserve requirement exemption amount adjustment, are based on growth in net transaction accounts and total reservable liabilities, respectively, at all depository institutions between June 30, 2009 and June 30, 2010.

For depository institutions that report weekly, the low reserve tranche adjustment and the reserve requirement exemption amount adjustment will apply to the 14-day reserve computation period that begins Tuesday, November 30, 2010, and the corresponding 14-day reserve maintenance period that begins Thursday, December 30, 2010.

For depository institutions that report quarterly, the low reserve tranche adjustment and the reserve requirement exemption amount adjustment will apply to the seven-day reserve computation period that begins Tuesday, December 21, 2010, and the corresponding seven-day reserve maintenance period that begins Thursday, January 20, 2011.

The Board also announced changes in two other amounts, the nonexempt deposit cutoff level and the reduced reporting limit, that are used to determine the frequency with which depository institutions must submit deposit reports. The attached Federal Register notice contains a description of the new boundaries for deposit reporting that will be effective in 2011.

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:

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Attachments: *Federal Register* notice: [HTML](#) | [52 KB PDF](#)