

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

February 4, 2010

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

Federal Reserve Board Proposes Amendments to Regulation D that Would Enable the Establishment of a Term Deposit Facility

The Federal Reserve Board proposed on December 28, 2009 amendments to Regulation D (Reserve Requirements of Depository Institutions) that would enable the establishment of a term deposit facility.

Under the proposal, the Federal Reserve Banks would offer interest-bearing term deposits to eligible institutions through an auction mechanism. Term deposits would be one of several tools that the Federal Reserve could employ to drain reserves to support the effective implementation of monetary policy.

This proposal is one component of a process of prudent planning on the part of the Federal Reserve and has no implications for monetary policy decisions in the near term.

The public had 30 days from December 31, 2009 to provide comments on the proposal. The comment period ended on February 1, 2010.

The *Federal Register* notice is attached.

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:

Federal Reserve Bank of San Francisco
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Attachment: *Federal Register* notice: [HTML](#) | [59 KB PDF](#)