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

October 31, 2012

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

Federal Reserve Board Announces Delay in the Implementation of the Second Phase of Its Program to Simplify the Administration of Reserve Requirements

On October 26, 2012, The Federal Reserve Board announced a five-month delay in the implementation of the second phase of its program to simplify the administration of reserve requirements. The delay will allow for further development and testing of automated systems to ensure a smooth transition for affected institutions.

The Board issued a final rule on April 4, 2012, amending its Regulation D to simplify the reserve administration program in two phases. The first phase, which took effect on July 12, 2012, discontinued as-of adjustments related to deposit report revisions and eliminated clearing balance requirements.

The second phase of the amendments will introduce a common two-week maintenance period and a penalty-free band around reserve balance requirements to eliminate carryover and routine penalty waivers. The second phase of amendments was originally scheduled to take effect on January 24, 2013. The new effective date is June 27, 2013.

The purpose of the simplification is to reduce administrative and operational costs for depository institutions, the Federal Reserve Board, and Federal Reserve Banks. The project does not affect the stance of monetary policy.

The Board's notice is attached and will be published shortly in the Federal Register.

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
Regulatory Reporting and Reserves Administration
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Attachment: Final Rule; Delay of Effective Date (28 KB PDF)