

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

October 20, 2011

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

Federal Reserve Board Seeks Comment on Proposed Rules Intended to Simplify the Administration of Reserve Requirements

The Federal Reserve Board on October 11, 2011 requested comment on proposed rules intended to simplify the administration of reserve requirements and reduce administrative and operational costs for both depository institutions and Reserve Banks. The proposals do not affect the stance of monetary policy.

The proposed simplifications to Regulation D (Reserve Requirements of Depository Institutions) are:

- creating a common two-week maintenance period for all depository institutions
- creating a penalty-free band around reserve balance requirements in place of using carryover and routine penalty waivers
- discontinuing as-of adjustments related to deposit revisions and replacing all other as-of adjustments with direct compensation
- and eliminating the contractual clearing balance program

In connection with the proposed elimination of the contractual clearing balance program, the Board is requesting comment on several issues related to the methodology used for the Private Sector Adjustment Factor that is part of the pricing of Federal Reserve Bank services.

Proposed amendments to Regulation J (Collection of Checks and Other Items by Federal Reserve Banks and Funds Transfers through Fedwire) would eliminate references in Regulation J to "as-of adjustments," consistent with the proposed amendments to Regulation D, and make clarifications about the handling of checks and funds transfers sent to the Federal Reserve Banks.

Comments on the proposal must be submitted within 60 days from the date of publication in the *Federal Register*, which is expected shortly.

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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Attachment: [Regulation D \(98 KB PDF\)](#)

[Regulation J \(66 KB PDF\)](#)