

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 Annual Indexing of Reserve Requirement Exemption Amount and of Low Reserve Tranche for 2013

The Federal Reserve Board on October 25, 2012, announced the annual indexing of the reserve requirement exemption amount and of the low reserve tranche for 2013. 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 2013.

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 reports of their deposits and other reservable liabilities.

For net transaction accounts in 2013, the first \$12.4 million, up from \$11.5 million in 2012, will be exempt from reserve requirements. A 3 percent reserve ratio will be assessed on net transaction accounts over \$12.4 million up to and including \$79.5 million, up from \$71.0 million in 2012. A 10 percent reserve ratio will be assessed on net transaction accounts in excess of \$79.5 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, 2011 and June 30, 2012.

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 27, 2012, and the corresponding 14-day reserve maintenance period that begins Thursday, December 27, 2012.

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 18, 2012, and the corresponding seven-day reserve maintenance period that begins Thursday, January 17, 2013.

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 2013.

The Board's 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
Regulatory Reporting and Reserves Administration
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Attachment: [Final Rule \(21 KB PDF\)](#)