

April 2000

To the Depository Institutions in the
Second Federal Reserve District:

It is my privilege to send to you the *Eighty-Fifth Annual Report* of the Federal Reserve Bank of New York.

In the "Report from the President," I review the Bank's major achievements in 1999. My report describes our preparations for the century date change and outlines several new initiatives intended to foster more flexible responses to changing economic and financial conditions and greater collaboration within the Bank. I also discuss the challenges facing Bank management and staff as we seek to improve productivity, efficiency, and the quality of service delivery to our customers. In addition to surveying the Bank's activities for the year, the *Annual Report* presents detailed tables, with extensive notes, on the Bank's financial condition.

During 1999, I spoke publicly about the challenges of global financial reform and the changing structure and functions of banking organizations and the financial sector. In "Global Financial Reform: A Regulator's Perspective," an address I delivered in New York before the Foreign Policy Association's conference *Global Capital Markets and a New International Financial Architecture*, I discussed how certain key projects of the Basel Committee on Banking Supervision will promote sustainable improvements in banking, financial market, and supervisory practice. The text of that address is reprinted in this *Annual Report*.

I hope you find the *Annual Report* informative and interesting.



William J. McDonough
President