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STATISTICS OFFICER

July 3, 2009

To: All Depository Institutions located in the Second District that file the Report of Transaction Accounts, Other Transactions, and Vault Cash (FR 2900)

Subject: Revised FR 2900 Instruction

I am writing to inform you that the FR 2900 reporting instruction booklets for Commercial Banks, Credit Unions, and Branches and Agencies of Foreign (Non-U.S.) banks¹ have been updated and are now available on the Board's public web site:
<http://www.federalreserve.gov/boarddocs/reportforms/default.cfm>.

The Federal Reserve revised the FR 2900 instructions to align with the recent revisions made to Regulation D (Reserve Requirements of Depository Institutions) and also to enhance their clarity. On May 20, 2009, the Federal Reserve Board announced the approval of final amendments² to Regulation D. These final amendments include: (1) increasing from three to six the permissible monthly number of transfers or withdrawals from savings deposits by check, debit card, or similar order payable to third parties; (2) authorizing the establishment of excess balance accounts at Federal Reserve Banks; (3) revising those provisions of the Reg D interim final rule³ so that only required reserve balances maintained in an ineligible correspondent's account on behalf of its respondents will receive interest, which must be passed back to respondents; and (4) clarifying the definition of "vault cash" to incorporate the substance of previously issued written staff guidance.

As a result, the FR 2900 instructions have been updated to include the following revisions:

¹ The FR 2900 instructions for commercial banks and savings and loans associations have been combined to take advantage of the similarities of these institutions and to reduce the burden of maintaining various versions of the FR 2900 reporting instructions. Separate instructions will be maintained for branches and agencies of foreign banks and credit unions.

² 74 FR 25620, May 29, 2009.

³ 73 FR 59482, October 9, 2008.

(1) Clarify where an institution must submit its data by adding language on where an institution is located. An institution is now located where specified in the institution's charter, organizing certificate, license, or articles of incorporation or as specified by the institution's primary regulator, or if no such location is specified, the location of its head office, unless otherwise determined by the Board.

(2) Change the language pertaining to pass-through arrangements to allow member banks to pass their required reserve balances through a correspondent to a Federal Reserve Bank.

(3) Delete language in the savings deposit section that limits the number of transfers or withdrawals by check, draft, debit card or similar order made by the depositor and payable to third parties to three per statement cycle. The new limit on these types of transfers or withdrawals is six per statement cycle, the same limit placed on convenient withdrawals and transfers.

(4) Clarify the definition of vault cash held at an alternate location. The current instructions specify, among other requirements, that off-premises vault cash must be reasonably nearby to be reported on the FR 2900. Previously issued guidance defined reasonably nearby to mean that "an institution can recall the currency and coin by 10:00 AM and, relying solely on ground transportation, receive the currency and coin no later than 4:00 PM on the same calendar day." This condition, along with the condition that the reporting institution must have a written cash delivery plan in place to recall the currency and coin, are now included in the vault cash instructions.

Last, clarifying changes have been made to the FR 2900 reporting instructions. This includes replacing the term 'operations subsidiary' with 'majority-owned subsidiary' to clarify the consolidation rules that should be used when submitting FR 2900 data. This change brings the instructions in line with existing language in Regulation D [12 CFR Part 204.3(a)(1)]. Other clarifications include removing obsolete text and making the text parallel the Call Report instructions, where appropriate.

If you have any questions, please contact Ben Annoscia, Team Leader of the Deposit Reports Division, at (212) 720-8920, or Brian Osterhus, Staff Director of that Division, at (212) 720-8023.

Sincerely,

- Signed by Richard Molloy -

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