Reserve Maintenance Seminar

September 2004
Reserve Maintenance Seminar

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September 2004
Agenda

- History and purpose of reserves
- Reserve requirement calculation
- Clearing balance requirements
- As-of adjustments
- Account maintenance and position
- Deficiencies, penalties and waivers
- ReserveCalc
History & Purpose of Reserves
Overview

- Legislation affecting reserve requirements
- Goals of Monetary Policy
- The link between Monetary Policy and the Reserves Market
- Instruments used in the implementation of Monetary Policy
Section 19 of the Act empowers the Federal Reserve to require depository institutions to hold a portion of their deposits as a reserve.

This fractional reserve system is one of the tools used to implement monetary policy.
Section 19 of the Act is codified in Regulation D.

Regulation D details the following:
- Definition of a deposit
- Definition of types of deposits
- Computation and maintenance rules for reserve requirements
- Form of reserves
Regulation D details the following: (continued)
- Deductions from reserve requirements
- Carryover rules
- Transitional adjustments for mergers
- Supplemental and emergency reserve requirements
- Penalties
- International Banking Facilities
International Banking Act (1978)

- Brought foreign banks in the U.S. within the federal regulatory framework
- “Leveled the playing field” between domestic and foreign banks
- Key provision for reserve requirements: ALL U.S. branches and agencies of foreign banks are subject to reserve requirements
Monetary Control Act (1980)

- Reformed reserve requirements to end the problem of banks leaving the Federal Reserve System
- Imposes reserve requirements on all institutions that have transaction accounts, non-personal savings and time deposits, or Eurocurrency liabilities
- Established an exemption amount
Monetary Control Act (1980)

- Key provisions for reserve requirements:
  ALL depository institutions are subject to reserve requirements including:
  - Member/nonmember commercial banks
  - Thrift institutions (including credit unions)
  - U.S. branches and agencies of foreign banks
  - Edge and agreement corporations

- Created a two week computation and maintenance periods to allow flexibility in managing reserves
Garn St. Germain Act (1982)

- Includes a number of provisions to facilitate deregulation of the banking industry

- **Key provisions for reserve requirements:**
  - Requires that institutions with less than $2 million in reservable liabilities be exempt from reserve requirements
  - Requires that this amount be indexed annually based on aggregate growth of reservable liabilities
Garn St. Germain Act (1982)

- **Key provisions for reserve requirements:**
  Changed computation and maintenance periods for transaction accounts to contemporaneous from lagged
Riegle-Neal Interstate Banking and Efficiency Act (1994)

- Allows interstate banking and branching
- **Key provisions for reserve requirements:** Allowing banks to have a multi-state presence, required significant changes to the Federal Reserve account structure
- Subaccounts were created
Effective with the September 22, 2003 report, the criteria for determining whether certain depository institutions will file the FR 2900 weekly or quarterly was modified.
Who Must Report?

Applies to all institutions except for U.S. branches and agencies of foreign banks and Edge Agreement corporations

2004 Deposit Reporting Requirements

<table>
<thead>
<tr>
<th>Exempt</th>
<th>Nonexempt</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net transaction accounts $\leq$ $6.6$ million</td>
<td>Net transaction accounts $&gt; ; 6.6$ million, OR Total deposits $\geq ; 1.074$ billion reduced reporting limit</td>
</tr>
<tr>
<td>Nonreporters</td>
<td>Annual Reporters</td>
</tr>
<tr>
<td>Total deposits $\leq ; 6.6$ million</td>
<td>Total deposits $&gt; ; 6.6$ million</td>
</tr>
<tr>
<td></td>
<td>Total deposits $&lt; ; 161.2$ million</td>
</tr>
<tr>
<td></td>
<td>Total deposits $\geq ; 161.2$ million</td>
</tr>
</tbody>
</table>
Who Must Report?

The Federal Reserve will continue to screen institutions, and inform each institution eligible for reduced reporting.
Who Must Report?

FR 2900 weekly: commercial banks, savings banks, savings and loan associations and credit unions

- Total deposits greater than or equal to the “nonexempt deposit cutoff” and “net transaction accounts” above the indexed level, or

- Total deposits above the “reduced reporting limit”, regardless of the level of “net transaction accounts”
Who Must Report?

FR 2900 quarterly: commercial banks, savings banks, savings and loan associations and credit unions

- Total deposits below the “nonexempt deposit cutoff”, and “net transaction accounts” above the indexed level
Who Must Report?

FR 2910a: commercial banks, savings banks, savings and loan associations and credit unions

- Total deposits between the “exemption amount” and below the “reduced reporting limit”, and “net transaction accounts” below the indexed level
Uses of Reserves Data

The primary use of reserves information is for implementing and supporting monetary policy.
Monetary Policy & the Reserves Market

• The basic link between monetary policy and the economy is through the market for reserves, more commonly known as the federal funds market.

• Institutions borrow and lend on an overnight basis.

• The interest rate charged for the use of these funds is known as the federal funds rate.
Importance of Fed Funds Rate

A change in the demand or supply of reserves will result in a change in the federal funds rate which in turn tends to spread quickly to other interest rates.
Targeting the Fed Funds Rate

- The Federal Open Market Committee defines the target fed funds rate necessary to promote the goals of maximum employment, stable prices, and moderate long-term interest rates.

- Open Market Operations involve adjustment in the supply of bank reserves, relative to reserve demand, in order to achieve and maintain desired financial market conditions.
Draining Reserves

Federal Funds Rate

Demand

Non-borrowed Reserves

S2

S1

4.5

2.5

40

50
Adding Reserves

Federal Funds Rate

4.5
2.5

Demand

Non-borrowed Reserves

40 50
Demand in the Reserves Market is determined by each bank’s need to meet reserve requirements as defined in Regulation D.
The supply of reserves is the amount of reserves currently in the market which consists of:

- Discount Window Lending (Borrowed Reserves)
- Nonborrowed Reserves - Influenced by the purchase or sale of securities by the Open Market Trading Desk
The tools used to implement monetary policy:

- Reserve Requirements
- Discount Window Lending
- Open Market Operations
Reserve Requirement Calculation

Marc Plotsker
Objectives

- Computation Period
- Maintenance Period
- Exemption
- Low Reserve Tranche
- Reserve Requirement Calculation
- Transitional Adjustments for Mergers
Computation Period

Weekly FR 2900:

- The computation period for weekly FR 2900 reporters consists of 14 consecutive days beginning on a Tuesday and ending on the second Monday thereafter.
Weekly Reporters (FR 2900)

Computation Period

Example

FR 2900 Reporting Periods

08/17/04 (Tues) to 08/23/04 (Mon)

08/24/04 (Tues) to 08/30/04 (Mon)

Computation Period

8/17/04 (Tues) to 8/30/04 (Mon)
Reserve Maintenance Period

Weekly FR 2900:

- A reserve maintenance period for FR 2900 reporters consists of 14 consecutive days beginning on a Thursday and ending on the second Wednesday thereafter.

Example
09/16/04 (Thurs) to 09/29/04 (Wed).
The reserve requirement to be satisfied during a 14-day reserve maintenance period is based on the daily average level of net transaction accounts during the computation period.
The weekly reserve maintenance period starts 30 days after the beginning of a computation period.

<table>
<thead>
<tr>
<th>Computation Period</th>
<th>Maintenance Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>08/17/04 to 08/23/04</td>
<td>09/16/04 to 09/29/04</td>
</tr>
<tr>
<td>08/24/04 to 08/30/04</td>
<td></td>
</tr>
</tbody>
</table>
The same lag is used in the computation of vault cash which is applied to satisfy reserve requirements.

<table>
<thead>
<tr>
<th>Vault Cash</th>
<th>Computation Period</th>
<th>Maintenance Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>08/17/04 to 08/30/04</td>
<td>08/17/04 to 08/30/04</td>
<td>09/16/04 to 09/29/04</td>
</tr>
</tbody>
</table>
Quarterly FR 2900:

- The reserve computation period for quarterly FR 2900 reporters consists of 7 consecutive days beginning on a Tuesday and ending on the following Monday.

Example

9/21/04 (Tues) to 9/27/04 (Mon)
Reserve Maintenance Period

- The reserve requirement to be satisfied during each quarterly reserve maintenance period is based on the daily average level of reservable liabilities during the 7-day computation period.

<table>
<thead>
<tr>
<th>Computation Period (Quarterly)</th>
<th>Maintenance Periods</th>
</tr>
</thead>
<tbody>
<tr>
<td>09/21/04 to 09/27/04</td>
<td>10/27/04 to 01/19/05</td>
</tr>
</tbody>
</table>
Reserve Maintenance Period

- A quarterly reserve maintenance cycle usually consists of 13 successive one week maintenance periods that begin on the third Thursday following the end of the computation period.
## Quarterly Reserve Maintenance

<table>
<thead>
<tr>
<th>Computation Period Cycle (Includes Vault Cash)</th>
<th>Maintenance Periods (13 Weeks)</th>
</tr>
</thead>
<tbody>
<tr>
<td>09/21/04 to 09/27/04</td>
<td>10/27/04 to 01/19/05</td>
</tr>
<tr>
<td>12/21/04 to 12/27/04</td>
<td>01/26/05 to 04/13/05</td>
</tr>
</tbody>
</table>
**Exemption Level**

- The exemption level is the amount of an institution’s net transaction accounts that is subject to a reserve requirement of zero percent.
- The exemption amount is adjusted annually.
- When calculating reserve requirements, the exemption amount is subtracted from net transaction accounts before the reserve ratios are applied.
Low Reserve Tranche

- The low reserve tranche is the amount of an institution’s net transaction accounts that is subject to a reserve requirement of 3 percent.
- The low reserve tranche is adjusted annually.
Reserve Tranche

- The amount of an institution’s reservable liabilities that is over the low reserve tranche is subject to a reserve requirement of 10 percent.
- Adjusted annually
Low Reserve Tranche

Example:

Net Transaction Accounts $ 100m

- Reserved at 0 Percent $ 6.6m
  (exemption amount)

- Reserved at 3 percent $38.8m
  $45.4m - $6.6m =
  (low reserve tranche)

- Reserved at 10 percent $54.6m
  $100m - $45.4m =
  (amount above low reserve tranche)
Low Reserve Tranche

- Each depository institution that files the FR 2900 report is allocated the full exemption amount and low reserve tranche.
FR 2930 Annual Report

- Allocation of Low Reserve Tranche and Reservable Liabilities Exemption.
- Adjusted annually
• The following institutions share a single exemption amount and a single low reserve tranche even though they file separate FR 2900 reports:
  - All U.S. Branches and Agencies that have the same foreign direct parent bank, and
  - Edge and Agreement corporations
Low Reserve Tranche

Example

ABC Bank in Tokyo has three separately chartered branches located in the U.S.
These three U.S. branches would share a single exemption and a single low reserve tranche.
Allocation of Low Reserve Tranche and Reservable Liabilities Exemption for U.S. Branches and Agencies of Foreign Banks and Edge and Agreement Corporations

Effective for the 14-day reserve computation period beginning Tuesday, _______________________

List below for each office, or for each group of offices filing a single aggregated Report of Transaction Accounts, Other Deposits and Vault Cash (FR 2000), the amount of the low reserve tranche (Column 3) and the amount of the reservable liabilities exemption (Column 4) to be assigned to each office or group of offices.

PLEASE READ INSTRUCTIONS PRIOR TO COMPLETION OF THIS FORM.

<table>
<thead>
<tr>
<th>Column 1</th>
<th>Column 2</th>
<th>Column 3</th>
<th>Column 4</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Federal Reserve District</td>
<td>Amount of Low Reserve Tranche Allocation²</td>
<td>Amount of Reservable Liabilities Exemption Allocation³</td>
</tr>
<tr>
<td>Name and location of each office reporting on the FR 2000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>MIL</td>
<td>Thou</td>
<td>MIL</td>
</tr>
</tbody>
</table>

TOTAL

If additional space is necessary, please attach a separate sheet.

I certify that the information shown on this report is correct.

________________________________________________________

Name and address of reporting institution

________________________________________________________

Please return to:

________________________________________________________

A copy of this report must be submitted to each Federal Reserve Bank in whose District an office or group of offices that is allocated a portion of the low reserve tranche or the reservable liabilities exemption is located, one week prior to the computation period for which the allocation reported on this form is to be effective. (Please file even if these allocations are zero.) See the instructions for this report for detailed information pertaining to the allocations and for a list of addresses for each Federal Reserve Bank.
Reserve Ratios

- Reserve requirements are calculated by applying the reserve ratios to the daily average of net transaction accounts in a computation period.
Reserve Ratios

- Reserve ratios are applied to the net transaction accounts of all U.S. depository institutions that are required to file the FR 2900.

- The same reserve ratios are applied to weekly and quarterly FR 2900 reporters.
Reserve Ratios

Effective November 25, 2003

<table>
<thead>
<tr>
<th>Categories</th>
<th>Reserve Ratios</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Transaction Accounts:</td>
<td></td>
</tr>
<tr>
<td>From $0 to (&amp; including) $6.6m</td>
<td>0 Percent</td>
</tr>
<tr>
<td>Over $6.6m to (&amp; including) $45.4m</td>
<td>3 Percent</td>
</tr>
<tr>
<td>Over $45.4m</td>
<td>10 Percent</td>
</tr>
<tr>
<td>Nonpersonal savings &amp; time deposits</td>
<td>0 Percent</td>
</tr>
<tr>
<td>Eurocurrency Liabilities</td>
<td>0 Percent</td>
</tr>
</tbody>
</table>
Requirement Calculation

- Four steps to calculate your Reserve Requirement (RR):

1. Calculate Daily Average Net Transaction Accounts
2. Apply Exemption
3. Apply Reserve Ratios
4. Add RR at 3% to RR at 10% for Total RR
STEP 1: Calculate Daily Average NTA

- Total FR 2900 Week 1 and Week 2 data for:
  Line A3, Total Transaction Accounts
  Line B1, Due From U.S. Banks
  Line B2, CIPC

- NTA = Total Transaction Accounts (Line A3) less Due From U.S. Banks (Line B1) less CIPC (Line B2).

- Daily Average NTA = NTA/14
STEPS 2 & 3: Apply Exemption & Reserve Ratios

- Calculate amount of net transaction accounts (NTA) that exceeds the exemption.
- Apply Reserve Ratios:
  (1) Multiply by 3 percent the amount of Daily Average NTA > $6.6 million but ≤ Low Reserve Tranche $45.4 million
  (2) Multiply by 10 percent the amount of Daily Average NTA > Tranche $45.4 million
STEP 4: Sum Requirement

- Daily Average Reserve Requirement (RR) equals 3% Requirement plus 10% Requirement
Vault Cash

- Vault Cash is calculated by adding week 1 and week 2 together, then dividing by 14 (similar to how NTA was calculated) to derive the daily average.

- Vault Cash is used to satisfy required reserves, and is factored in after reserve requirements and the tranche loss adjustment have been calculated.
Reserve Requirement Calculation Workshop

Marc Plotsker
### Step One - Calculate Net Transaction Accounts

**Sample FR 2900 - Week 1**  
($ in thousands)

<table>
<thead>
<tr>
<th></th>
<th>Tues (col.1)</th>
<th>Wed (col.2)</th>
<th>Thur (col.3)</th>
<th>Fri (col.4)</th>
<th>Sat (col.5)</th>
<th>Sun (col.6)</th>
<th>Mon (col.7)</th>
<th>TOTAL (col.8)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A1a</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>A1b</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>A1c</td>
<td>75,000</td>
<td>150,000</td>
<td>125,000</td>
<td>128,000</td>
<td>128,000</td>
<td>128,000</td>
<td>35,000</td>
<td>769,000</td>
</tr>
<tr>
<td>A2</td>
<td>5,000</td>
<td>5,000</td>
<td>3,000</td>
<td>3,000</td>
<td>3,000</td>
<td>3,000</td>
<td>3,000</td>
<td>25,000</td>
</tr>
<tr>
<td>A3</td>
<td>80,000</td>
<td>155,000</td>
<td>128,000</td>
<td>131,000</td>
<td>131,000</td>
<td>131,000</td>
<td>38,000</td>
<td>794,000</td>
</tr>
<tr>
<td>B1</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
<td>7,000</td>
</tr>
<tr>
<td>B2</td>
<td>20,000</td>
<td>75,000</td>
<td>50,000</td>
<td>50,000</td>
<td>50,000</td>
<td>50,000</td>
<td>5,000</td>
<td>300,000</td>
</tr>
</tbody>
</table>
### Step One - Calculate Net Transaction Accounts

**Sample FR 2900 - Week 2**

($ in thousands)

<table>
<thead>
<tr>
<th></th>
<th>Tues</th>
<th>Wed</th>
<th>Thur</th>
<th>Fri</th>
<th>Sat</th>
<th>Sun</th>
<th>Mon</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A1a</strong></td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>A1b</strong></td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>A1c</strong></td>
<td>200,000</td>
<td>250,000</td>
<td>50,000</td>
<td>100,000</td>
<td>100,000</td>
<td>100,000</td>
<td>100,000</td>
<td>900,000</td>
</tr>
<tr>
<td><strong>A2</strong></td>
<td>3,000</td>
<td>3,000</td>
<td>3,000</td>
<td>3,000</td>
<td>3,000</td>
<td>3,000</td>
<td>3,000</td>
<td>21,000</td>
</tr>
<tr>
<td><strong>A3</strong></td>
<td>203,000</td>
<td>253,000</td>
<td>53,000</td>
<td>103,000</td>
<td>103,000</td>
<td>103,000</td>
<td>103,000</td>
<td>921,000</td>
</tr>
<tr>
<td><strong>B1</strong></td>
<td>2,000</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
<td>8,000</td>
</tr>
<tr>
<td><strong>B2</strong></td>
<td>50,000</td>
<td>100,000</td>
<td>10,000</td>
<td>50,000</td>
<td>50,000</td>
<td>50,000</td>
<td>40,000</td>
<td>350,000</td>
</tr>
</tbody>
</table>
Step One- Calculate Daily Average NTA

FR 2900

Week 1 + Week 2 = Total

Total Transaction Accounts (Line A3) = __________ + __________ = __________

Due From U.S. Banks (Line B1) = __________ + __________ = __________

Cash Items In Process of Collection (Line B2) = __________ + __________ = __________

Total Transaction Accounts (Line A3) - Due From U.S. Banks (Line B1) - Cash Items In Process of Collection (Line B2) = NTA __________

NTA/14 = Daily Average NTA __________
**Step Two- Apply Exemption**

Daily Average NTA  

Exemption  -6,600  

Daily Average NTA > Exemption  

---

**Step Three- Apply Reserve Ratios**

Daily Average NTA > 6,600 but ≤ Tranche (45,400)  

(Daily Average NTA > 6,600 but ≤ 45,400) x 3% = RR at 3%  

Daily Average NTA > Tranche (45,400)  

(Daily Average NTA > 45,400) x 10% = RR at 10%  

---

**Step Four- Add RR at 3% to RR at 10%**

RR at 3% + RR at 10% = Daily Average RR  

---
Answer
Step One- Calculate Net Transaction Accounts

FR 2900

Week 1 + Week 2 = Totals

<table>
<thead>
<tr>
<th>Description</th>
<th>Week 1</th>
<th>Week 2</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Transaction Accounts (Line A3)</td>
<td>794,000</td>
<td>921,000</td>
<td>1,715,000</td>
</tr>
<tr>
<td>- Due From U.S. Banks (Line B1)</td>
<td>7,000</td>
<td>8,000</td>
<td>15,000</td>
</tr>
<tr>
<td>- Cash Items In Process of Collection (Line B2)</td>
<td>300,000</td>
<td>350,000</td>
<td>650,000</td>
</tr>
</tbody>
</table>

Total

Total Transaction Accounts (Line A3) 1,715,000
- Due From U.S. Banks (Line B1) 15,000
- Cash Items In Process of Collection (Line B2) 650,000

= NTA 1,050,000

NTA/14 = Daily Average NTA 1,050,000/14 = 75,000

75,000 is the Daily Average NTA. We will use to calculate the Daily Average RR
**Step Two- Apply Exemption**

Daily Average NTA 75,000

- Exemption (6,600)

= Daily Average NTA > Exemption 68,400

**Step Three- Apply Reserve Ratios**

Daily Average NTA > 6,600 but ≤ Tranche (45,400) 38,800

(Daily Average NTA > 6,600 but ≤ 45,400) x 3% = RR at 3% 38,800 x .03 = 1,164

Daily Average NTA > Tranche (45,400) 29,600

(Daily Average NTA > 45,400) x 10% = RR at 10% 29,600 x .10 = 2,960

**Step Four- Add RR at 3% to RR at 10%**

RR at 3% + RR at 10% = Daily Average RR 4,124
Report of Required Reserves

- The Federal Reserve Bank of New York calculates reserve requirements and provides a report of required reserves to depository institutions before the start of each maintenance period.
A preliminary report of required reserves is delivered via fax or email to each depository institution on the second Thursday of a maintenance period only if FR 2900 data for that corresponding computation period is incomplete.
Report of Required Reserves

- However, for those institutions with complete data, a final report of required reserves is delivered on the business day following the day we receive the complete data.
RESERVABLE LIABILITIES REPORTED
FROM 4/27/04 TO 5/10/04
NET TRANSACTION ACCOUNTS
EXEMPT 6,600
UP TO ($38,800) MILLION 38,800 3.000 1,164
OVER ($38,800) MILLION 10,000 10.000 1,000

RESERVE REQUIREMENT 2,164
LESS TRANCHE LOSS ADJUSTMENT 800
LESS USABLE PORTION OF 319
319 REPORTED VAULT CASH
FROM 04-27-04 TO 05-10-04

RESERVES TO BE MAINTAINED 1045
CLEARING BALANCE REQUIREMENT 50
TOTAL BALANCE REQUIRED WITH FRB NEW YORK 1,095
Transitional Adjustment for Mergers

- When two institutions merge, the surviving institution’s reserve requirement is higher than the combined reserve requirements of the merging institutions.

- This is due to the loss of the low reserve tranche and exemption of the nonsurviving institution.
Transitional Adjustment for Mergers

• The increase in the requirement is phased in over a seven quarter period.
### Example of a Transitional Adjustment for a Merger

<table>
<thead>
<tr>
<th></th>
<th>Bank A (nonsurvivor)</th>
<th>Bank B (survivor)</th>
<th>Bank AB (merged survivor)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Daily Average NTA</td>
<td>100,000</td>
<td>150,000</td>
<td>250,000</td>
</tr>
<tr>
<td>-Exempt</td>
<td>-6,600</td>
<td>-6,600</td>
<td>-6,600</td>
</tr>
<tr>
<td>=Daily Average NTA &gt; 6,600</td>
<td>93,400</td>
<td>143,000</td>
<td>243,000</td>
</tr>
</tbody>
</table>

| Daily Average NTA > 6,000 but ≤ 45,400 x .03 = RR at 3% | 1,164 | 1,164 | 1,164 |
| RR > 45,400 x .10 = RR at 10% | 5,460 | 10,460 | 20,460 |

| Daily Average RR     | 6,624               | 11,624            | 21,624                    |
| Merged RR (Bank AB)  |                     |                   | 21,624                    |

| Sum of Separate RR   | 6,624 + 11,624 =    |                   | (18,248)                  |
| Difference is the Tranche Loss Effect | 21,624 - 18,248 |                   | 3,376                      |

| Tranche Loss Adjustment = (Tranche Loss Effect) x (.875) | 3,376 x .875 = | 2,954 |
### Transitional Adjustment for Mergers

<table>
<thead>
<tr>
<th>Maintenance periods occurring during quarters following merger</th>
<th>Number of weeks In quarter</th>
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Summary

- Computation Period
- Maintenance Period
- Exemption
- Low Reserve Tranche

- Reserve Requirement Calculation
- Transitional Adjustments for Mergers
Clearing Balance Requirements

Dean Cornier
Objectives

- Clearing Balance Requirement Policy
  - Define clearing balance requirement
  - When and why policy was established
- Why establish and use clearing balances
- Policies and Procedures regarding implementation of clearing balance requirements
Objectives

- Earnings Credits
  - Priced versus non-priced services
  - Calculation of earnings credits
  - Services eligible to use earnings credits
A clearing balance requirement is an amount that an institution may contract (or be required) to maintain with a Reserve Bank in addition to any reserve balance requirement.

Clearing balance requirements were implemented as a result of the Federal Reserve Act (as amended by the Monetary Control Act of 1980) and the International Banking Act of 1978.
A Reserve Bank may impose a clearing balance requirement if an institution has a history of frequent overnight or daylight overdrafts.

Balances held to meet a clearing balance requirement, up to a limit, generate earnings credits that can be used to offset service charges an institution may incur through use of eligible Reserve Bank services.
Clearing Balance Requirement Policy

- Earnings credits on maintained clearing balances provide a return comparable to what the institution would receive on funds held with a correspondent.

- The institution can use earnings credits to offset Federal Reserve service charges that settle in its own account.
Policies and Procedures

- Must have a Federal Reserve Master Account
- $25 thousand minimum clearing balance requirement
- Same maintenance period used for reserve requirements applies to clearing balance requirements
- Expected to maintain a daily average balance within a range (Clearing Balance Band).
Policies and Procedures

- Clearing Balance Band is equal to the greater of $25,000 or two percent of clearing balance requirement.

**Example 1**
Clearing Balance Requirement is $400,000
Two Percent of $400,000 is $8,000
Therefore, the Clearing Balance Band is $25,000.
Example 2

Clearing Balance Requirement is $1,500,000
Two Percent of $1,500,000 is $30,000
Therefore, the Clearing Balance Band is $30,000.
Policies and Procedures

- If an institution fails to maintain the daily average balance above the low end of the Clearing Balance Band, then it is considered deficient and a penalty may be imposed.

- If an institution maintains daily average balances in excess of the clearing balance requirement but within the Clearing Balance Band, additional earnings credits are generated.
Policies and Procedures

- Clearing balance accounts are monitored for both overnight and daylight overdrafts, with penalties imposed if overdrafts occur.

- As-of adjustments can be applied to clearing balance accounts

- Clearing balance requirements can be changed as often as every maintenance period.
Institutions can increase or decrease the level of earnings credits to maintain an amount sufficient to cover billable charges.

Changes to earnings credits result from changing the clearing balance requirement.
Policies & Procedures

- Financial Services
  - Clearing Balance Calculator
  - WWW.FRBSERVICES.ORG
Policies & Procedures

- To change a clearing balance requirement an institution must do the following:
  - Contact the Deposit Reports Division in writing and request a change.
  - Indicate the current clearing balance, new clearing balance and effective date for the change. Deposit Reports Division staff require 5 days notice prior to the effective date of the change.
  - The effective date of a clearing balance change must be the first day of a maintenance period.
Policies & Procedures

• Correspondence can be addressed to:
The Federal Reserve Bank of New York
Attn: Deposit Reports Division
33 Liberty Street
New York, New York   10045

• Alternately, correspondence can be faxed to: (212) 720 - 5025
Why Use Clearing Balances

- To hold balances above reserve requirement in order to facilitate clearing needs
- To generate earnings credits to pay for priced services
Earnings Credits

- Earnings credits can only be used to offset charges for Federal Reserve priced services.
- The following are considered priced services:
  - Automated Clearing House Services
  - Funds Transfer
  - Commercial Check Clearing and Collection Services
  - Payor Banks
  - Return Checks
Earnings Credits

- The following are also considered priced services:
  - Securities Safekeeping Services
  - Federal Reserve Float
  - Any new services which the Federal Reserve system offers, including but not limited to, Payment Services that affect electronic transfer of funds
• Earnings credits cannot be used to offset charges from non-priced services.

• Non-priced services are those services provided to institutions which are necessary for institutions to monitor and manage their account. Non-priced services are:
  – Accounting Information Services
  – Cash Management Services
Earnings Credits

Eligible earnings credits are calculated based on the following formula every maintenance cycle:

\[
\left( \text{Eligible Clearing Balances} \times 90 \text{ Percent} \times \text{Average Discounted T-Bill rate} \right) + \left( \text{Eligible Clearing Balance} \times \text{MRR} \times \text{Average Federal Funds Rate} \right) \times \text{Days Carried} / 360 \text{ days} = \text{Earnings Credits}
\]

where:

- **Eligible Clearing Balance** = the sum of the institution’s actual daily clearing balance (up to the maximum clearing balance band) divided by the days in the maintenance period (either 7 or 14 days).
- **90 Percent** = the eligible clearing balance is multiplied by 90 Percent, to adjust for the reserve requirement imputed to the Reserve Banks (Referred to as the Marginal Reserve Ratio on your statement).
Earnings Credits

Eligible earnings credits are calculated based on the following formula every maintenance cycle:

\[
\left[ (\text{Eligible Clearing Balances} \times 90\% \times \text{Average Discounted T-Bill rate}) + (\text{Eligible Clearing Balance} \times \text{MRR} \times \text{Average Federal Funds Rate}) \right] \times \text{Days Carried}/360\text{ days} = \text{Earnings Credits}
\]

where:

Discounted T-Bill Rate = 90 percent of the rolling 13-week average of the annualized coupon-equivalent yield of three-month Treasury bill in the secondary market.

MRR = the depository institution’s calculated marginal reserve rate. A depository institution that meets its reserve requirement entirely with vault cash is assigned a marginal reserve requirement of zero in this calculation.

Average Federal Funds Rate = weekly average Federal Funds Rate (FF)
Earnings Credits

Marginal Required Reserve Rate (MRR) is defined as:

- Zero for Net Transaction accounts $\leq$ $6.6$ million
- 3% for Net Transaction accounts $> $6.6 million and $\leq $45.4 million
- 10% for Net Transaction accounts $> $45.4 million
Earnings Credits

Average federal funds rate:

- Two week average federal funds rate as published on the Federal Reserve Bank of New York website can be found at the following address:

http://www.federalreserve.gov/releases/h15/update/
Earnings Credits

Example 1:

ABC Bank has met its clearing balance requirement of $20 million. ABC is a weekly reporter with a calculated MRR of 3 percent. The current T-Bill rate is 0.96 percent and the Federal funds rate is 1.0 percent. Calculate the earnings credits.
Earnings Credits

For the maintenance period in question, this bank will accrue earnings credits calculated as follows:

\[
\text{Calculated Earnings Credits} = \left( \text{EC Balance} \times 0.90 \right) \times \left( 0.90 \times 3 \text{ Month T-Bill rate} \right) + \left( \text{EC Balance} \times \text{MRR} \right) \times \text{FF} \\
\left( \$20MM \times 0.90 \right) \times \left( 0.90 \times 0.0096 \right) + \left( \$20MM \times 0.03 \right) \times 0.01
\]

Days Carried/360 Days

7/360

\text{Calculated Earnings Credits}$3,140.66$
Example 1

ABC Bank will receive $3,140.66 in earnings credits for the week ending Wednesday. The bank will receive earnings credits on 90 percent of its clearing balance at the discounted T-Bill rate and on three percent of its eligible clearing balance at the Fed Funds Rate.
Example 2:

DEF Bank has met its clearing balance requirement of $20 million. DEF is a weekly reporter with a calculated MRR of 3 percent. The current T-Bill rate is 1.25 and the Federal funds rate is 1.75 percent.

Calculate earnings credits.
Calculation of Earnings Credits

For the maintenance period in question, this bank will accrue earnings credits calculated as follows:

ABC BANK

\[
\text{(EC Balance} \times 0.90\%) (90\% \times 3 \text{ Month T-Bill rate}) + (\text{EC Balance} \times \text{MRR}) \times \text{FF})
\]

\[
(20\text{MM} \times 0.90) + (0.90 \times 0.0125) + (20\text{MM} \times 0.03) \times 0.0175
\]

Days Carried/360 Days
7/360

Calculated Earnings Credits $4,141.66
Earnings Credits

Example 2:
DEF Bank will receive $4,141.66 in earnings credits for the week-ending Wednesday. The bank will receive earnings credits on 90 percent of its clearing balance at the discounted T-Bill rate and on three percent of its eligible clearing balance at the Fed Funds Rate.
As-of Adjustments

Dorinda Chisholm
Objectives

- What are as-of adjustments?
- What is the purpose of as-of adjustments?
- How does an as-of adjustment affect a depository institution’s reserves/clearing position?
- Why are as-of adjustments issued?
- Who can issue as-of adjustments?
Objectives

- What is the life cycle of an as-of adjustment?
- How are as-of adjustments applied?
- Can an as-of adjustment be unapplied or moved, after the fact?
An as-of adjustment is a “memorandum” item that is applied by a Reserve Bank to an institution’s master account for a particular maintenance period.

- It offsets the effect of a transaction or reporting error on an institution’s position.
The purpose of as-of adjustments are to correct errors that would otherwise result in a gain or loss to an institution and to correct for reporting errors.

As-of adjustments are issued from the date the error occurred to the date prior to the correcting entry is made. (The number of days will usually not exceed 45.)
As-of Adjustment Threshold

- Transaction-based errors of an initial amount of $25,000 or greater and an aggregate amount of $250,000 or more will be issued automatically.

- Adjustments that fall below the $25,000/$250,000 threshold will be issued on a case-by-case basis.
Transaction-based As-of Adjustments

- Applied to the period following the correction of the error.

- Never applied to the periods prior to the period in which it occurred.
Affects of As-of Adjustments

- Debit as-of adjustments reduce the reserve and/or clearing position of a bank, therefore the institution will need to increase its balances in the maintenance period where the as-of adjustment is applied, to offset the negative effect.

- Credit as-of adjustments increase the reserve and/or clearing position so the institution may maintain a lower balance for the maintenance period where the as-of adjustment is applied.
Reasons for Issuing As-of Adjustments

- Reserve Bank errors
- Depository institution errors
- Other miscellaneous causes
Reserve Bank Errors

Basic principles –

- DI’s should not gain or lose in their cumulative reserve and/or clearing balance positions as a result of accounting or administrative errors or delays in processing transactions by a Reserve Bank.

- Fed errors include:
  - Failure to post a to a DI account
  - Posting to a DI account prematurely
  - Posting to the wrong account
  - Posting an incorrect amount
Depository Institution Errors

- FR 2900 Reporting errors
- DI – caused processing errors (routine)
Miscellaneous Causes

- Unusual circumstances
- Reserve deficiencies
- Improper transfers
Priced – Float As-of Adjustments

- Non-standard Holidays
- Voluntary Closings
Priced – Float As-of Adjustments

- Week 1 – Float incurred
- Week 2 – As-of Adjustment prepared
- Week 3 – As-of Adjustment is applied on a Thursday only and always to the current maintenance period
FR 2900 Caused As-Of Adjustments

- To correct for revisions to the Report of Transaction Accounts, Other Deposits and Vault Cash (FR 2900)

- As-of adjustments are issued to periods revised to eliminate a deficiency or excess created from revised data.
An offsetting as-of adjustment will be applied to future maintenance periods only to allow an institution to make use of excess reserves held in the revised periods or to allow an institution to compensate for deficiencies that occurred in the revised periods.
As-Of Adjustments

- As-of adjustments are issued by:
  - FRB Check Department
Life Cycle of As-Of Adjustments

Problem Identification

• A depository institution identifies its account was incorrectly credited or debited and notifies the appropriate FRBNY operating area.

• The FRBNY operating area identifies that an error has occurred with an accounting transaction. The institution will be notified as soon as possible.
Life Cycle of As-Of Adjustments

Creation of As-Of Adjustment

- The depository institution is notified that an as-of adjustment will be issued in order to neutralize the impact of the error.

- The requesting area forwards the request to Deposit Reports Division for approval and application.
Life Cycle of As-Ofs

Application of As-Of Adjustment

- The Deposit Reports Division contacts the institution to discuss the application of the as-of adjustment if approved.

- The as-of adjustment is processed and applied to the institution’s reserve and/or clearing position.
Application of As-Of Adjustments

ERRORS:

- FRB
- Depository Institution (routine adjustments)
Application of As-Of Adjustments

- FRBNY usually applies as-of adjustments to the maintenance period that immediately follows the current maintenance period.

- The as-of adjustment may be applied to the maintenance period in which the error occurred only in extenuating circumstances with approval by the Board.
Application of As-Of Adjustments

- When offsetting adjustments are applied to two depository institutions, both must be applied on the same day to the maintenance period that immediately follows the current maintenance period.
As-of Adjustment Workshop
Scenario 1 - Weekly Reporter

Facts

- Bank A: Debit transaction error
  From 08/05/04 to 08/09/04 (5 days)
  Corrected: 08/10/04
- Current Maintenance Period:
  08/05/04 to 08/18/04
- Future Maintenance Period: 08/19/04 to 09/01/04
- Deposit Reports contacts DI on 08/11/04

When can credit as-of adjustment be applied?
Scenario 1 - Weekly Reporter

Credit as-of adjustment can only be applied as follows:

- Maintenance period that immediately follows current maintenance period (08/19/04 to 09/01/04)
Scenario 2 - Weekly Reporter

Facts:

- Bank B: Credit transaction error
  From 07/27/04 to 08/04/04 (9 days)
  Corrected: 08/05/04
- Current Maintenance Period:
  08/05/04 to 08/18/04
- Prior Maintenance Period: 07/22/04 to 08/04/04
- Future Maintenance Period: 08/19/04 to 09/01/04
- Deposit Reports contacts DI on 08/06/04

When can debit as-of adjustment be applied?
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Scenario 2 - Weekly Reporter

Debit as-of adjustment can only be applied as follows:

- Maintenance period that immediately follows current maintenance period (08/19/04 to 09/01/04)
Scenario 3 - Weekly Reporter

Facts:

- Bank C: Debit transaction error
  - From 08/04/04 to 08/13/04 (10 days)
  - Corrected: 08/16/04
- Current Maintenance Period: 08/05/04 to 08/18/04
- Prior Maintenance Period: 07/22/04 to 08/04/04
- Future Maintenance Period: 08/19/04 to 09/01/04
- Deposit Reports contacts DI on 08/17/04
  - (day 13 of maintenance period)

When can credit as-of adjustment be applied?
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</table>
Scenario 3 - Weekly Reporter

Credit as-of can be applied as follows:

- Maintenance period that immediately follows
  the current maintenance period (08/19/04 to
  09/01/04)
Account Maintenance & Position

Eartha Collins
Objectives

- Account Structure
- How to Satisfy Reserve/Clearing Requirement
- Account Maintenance
- Position and Position Reports
- Tools for Managing Position
Account Structure

- Master Account (Direct Account)
- Subaccount
- Correspondent/Pass-through Account
- Respondent
- Pass-Through Reserves
Account Structure

Master Account

- The Federal Reserve’s account structure assigns each separately chartered (or licensed) institution a single master account at a designated Reserve Bank where all its activities with the Federal Reserve will be settled.
Account Structure

- Foreign-related institutions, U.S. branches and agencies of the same foreign parent bank, and the offices of an Edge or Agreement corporation will have a single master account for each group of offices located in the same state and same Federal Reserve District.
What is a Master Account?

- It is a record of financial transactions that reflects the financial rights and obligations of an account holder and the Reserve Bank.
Account Structure

How is a Master Account used?

- A Master Account allows a DI to settle and pay for services and/or maintain balances needed to meet its reserve requirement.

- The Reserve Bank handling your master account will also administer all aspects of your account management which include reserve/clearing balance administration.
Account Structure

How to establish a master/direct account

• Execute a Master Account Agreement form (included in Operating Circular 1, Account Relationships)

• Submit the Agreement to FRBNY’s Accounting Operations Division at least 30 business days before the date you wish to open the account
Account Structure

Example

Master Account
Bank A New York, NY

Bank B Atlanta, GA
Bank C San Francisco, CA
Bank D Boston, MA
Subaccounts

- A subaccount is an informational record of a subset of transactions that affect the master account.
Account Structure

How to establish a subaccount

- Must complete the “Subaccount Designation” form (included in Operating Circular 1, Account Relationships)

- Submit request to the Accounting Operations Division at least 15 business days before you wish the subaccount opened
Account Structure

Example:

Master Account
Bank A, New York, NY

Subaccount
Bank B, Cleveland, Ohio
Correspondent (Pass-Through Account)

- A correspondent is an institution that has authorized a Reserve Bank to allow transactions to its master account on behalf of one or more respondents
Respondent

- A respondent is an institution that settles some or all of its non-Fedwire transactions in another institution’s master account.
Account Structure

How to establish Pass-through Relationships

- Both the correspondent and respondent institutions must complete a Pass-Through Agreement form (included in Operating Circular 1, Account Relationships)

- Submit request to FRBNY’s Deposit Reports Division at least 5 business days before the start of the maintenance period in which you wish to establish the relationship
Account Structure

Example:

- Bank USA (Correspondent Account) located in FRBNY District
- Bank SA (Pass-through respondent) located in FRB Atlanta District
  - Bank SA must file its deposit reports directly with the Federal Reserve Bank of Atlanta, which is the District in which it is located.
Any depository institution that is required to maintain reserve balances and is a non-member depository institution, a U.S. branch or agency of a foreign bank, or an Edge or agreement corporation
<table>
<thead>
<tr>
<th>Reserve Requirement</th>
<th>Clearing Balance Requirement</th>
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<tr>
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<td>Account Balances</td>
<td>- Direct Account</td>
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<td>- Pass-through Account</td>
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</table>
Satisfying Reserve Requirement

Vault Cash

- Same computation period as deposit data
- Cannot be used to meet reserve requirements in a different maintenance period
- Cannot be used to offset clearing balance requirement
Satisfying Reserve Requirement

Account Balances

- Net total of all transactions (debits/credits) held in the master account at the end of day (EOD) at a Federal Reserve Bank
Account Maintenance

- What is a maintenance period and when is settlement day?
- When is a maintenance period finalized?
- What is Position?
Maintenance period

- Weekly reporters
  - 14-Day period in which to maintain and settle required reserves and/or clearing balances
- Quarterly reporters
  - 7-Day period in which to maintain and settle required reserves and/or clearing balances
Account Maintenance

Weekly Lagged Maintenance Cycle (14-day cycle)

Computation Period

- Report Week 08/17/04 - 08/23/04 (Week One)
- Report Week 08/24/04 - 08/30/04 (Week Two)

Maintenance Period

- 09/16/04 through 09/29/04
  - Thurs
  - Wed
Quarterly Maintenance Cycle
(7-day cycle for 13 weeks)

Report week 06/15/04 - 06/21/04
Beginning 07/15/04
Ending 10/20/04
Maintenance periods
07/15/04 through 10/20/04
Account Maintenance

When is a maintenance period finalized?

- For both weekly and quarterly reporters, a maintenance period is finalized 28 days after the maintenance period has ended.
Position

- Position is a measure of a depository institution’s compliance with reserve and/or clearing balance requirements.

- Position is initially determined by evaluating the difference between total maintained and total required.
Position

- If negative, deficient in reserves and/or clearing balance requirement.
- If positive, excess in reserves and/or clearing balance requirement.
Position

Factors that affect position are:

- Vault Cash
- Account Balances
- Overnight Overdrafts
- As-of Adjustments
- Clearing Balance Band
- Carryover
- Carryin
Position

Overnight Overdrafts

- Negative end of day (EOD) balance in a Direct or Pass-Through account
  - Direct impact (decrease) on total maintained balances
Position

As-of Adjustments

- Directly impacts total maintained balances
  - a debit as-of adjustment reduces total maintained balances for the maintenance period
  - a credit as-of adjustment increases total maintained balances for the maintenance period
Clearing Balance Band

- If maintained within the upper level, can generate extra earnings credits.

- If maintained within the lower level, can offset the effect of a deficiency.
Position

Carryover

- Carryover is an excess or deficiency amount that can be carried over to the next maintenance period.

- Cannot be carried over to subsequent periods.
Position

Carry-in

- The amount of carryover brought into the current maintenance period from the previous maintenance period.
How is carryover calculated?

- Gross RR plus RQCB (if any) equals total requirement;
- Multiply total requirement by 4%, or $50,000, whichever is greater;
- Subtract the RQCB band, if any (the RQCB band is computed at 2% of the RQCB or $25,000 which ever is greater);

Equals Maximum Allowable Carryover
Example:

Reserve Requirement 1,231
Clearing Balance Requirement 200

(1) Total Requirement 1,431

(2) Total requirement 1,431 x 4%
  or $50,000, whichever is greater  57

(3) Minus the Clearing Balance Band (25)

Allowable Carryover 32
Position

- Mechanics of Position Calculation
- Funding Account
Position Calculation

- Position is calculated in daily averages in thousands.

- Gross Position equals Total Maintained less Total Required Reserves.
Position

Mechanics of Position Calculation

Example

(1)
Reserve Requirement $1,231
Plus: Clearing Balance
  Requirement $200
Total Required $1,431
Position

Mechanics of Position Calculation (cont.)

Example

(2)

Usable Vault Cash    $ 300
Plus: Account Balances  1,100
Credit As-of Adjustments    100

Total Maintained $1,500
Position

Mechanics of Position Calculation (cont.)

Example

(3)

Total Maintained Balances $1,500

Less: Total Required

Balances 1,431

Gross Position 69
## Preliminary Position

($ in 000s)

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<th>Date</th>
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<td>09/15/04</td>
<td>09/01/04</td>
</tr>
<tr>
<td>Reserve Requirement</td>
<td>3,000</td>
<td>1,231</td>
<td>2,000</td>
</tr>
<tr>
<td>Clearing Balance Req.</td>
<td>200</td>
<td>200</td>
<td>200</td>
</tr>
<tr>
<td>Total Required</td>
<td>3,200</td>
<td>1,431</td>
<td>2,200</td>
</tr>
<tr>
<td>Usable Vault Cash</td>
<td>300</td>
<td>300</td>
<td>500</td>
</tr>
<tr>
<td>Account Balances Held</td>
<td>2,200</td>
<td>1,100</td>
<td>1,700</td>
</tr>
<tr>
<td><strong>As-Of Adjustments</strong></td>
<td>500</td>
<td>100</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Maintained</strong></td>
<td>3,000</td>
<td>1,500</td>
<td>2,200</td>
</tr>
<tr>
<td>Gross Position</td>
<td>-200</td>
<td>69</td>
<td>0</td>
</tr>
<tr>
<td>Carryover from Prior Period</td>
<td>32</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Clearing Balance Band</td>
<td>-25</td>
<td>25</td>
<td>0</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>-143</td>
<td>44</td>
<td>0</td>
</tr>
<tr>
<td>Allowable Carryover</td>
<td>-103</td>
<td>32</td>
<td>0</td>
</tr>
<tr>
<td>Offset in Next Period</td>
<td>0</td>
<td>32</td>
<td>0</td>
</tr>
<tr>
<td><strong>Net Position</strong></td>
<td>-143</td>
<td>12</td>
<td>0</td>
</tr>
</tbody>
</table>
Required Balance & Funding Account

Weekly Settler (14 days)

- Required reserve balance $2 million on a daily basis.

- Over 14 days, aggregate required reserve balance is $28 million ($2 million daily average multiplied by 14 days).
**Position**

**Required Balance & Funding Account**  
(Total in thousands)

<table>
<thead>
<tr>
<th>Week 1</th>
<th>Thurs</th>
<th>Fri</th>
<th>Sat</th>
<th>Sun</th>
<th>Mon</th>
<th>Tues</th>
<th>Wed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ex.1</td>
<td>2,000</td>
<td>2,000</td>
<td>2,000</td>
<td>2,000</td>
<td>2,000</td>
<td>2,000</td>
<td>2,000</td>
</tr>
<tr>
<td>Ex.2</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Ex.3</td>
<td>2,000</td>
<td>2,000</td>
<td>2,000</td>
<td>2,000</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
</tr>
</tbody>
</table>
## Position

### Required Balance & Funding Account

(Total in thousands)

<table>
<thead>
<tr>
<th>Week 2</th>
<th>Thurs</th>
<th>Fri</th>
<th>Sat</th>
<th>Sun</th>
<th>Mon</th>
<th>Tues</th>
<th>Wed</th>
<th>Total Balances Held</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Ex. 1</td>
<td>Ex. 2</td>
<td>Ex. 3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Thurs</td>
<td>2,000</td>
<td>0</td>
<td>3,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fri</td>
<td>2,000</td>
<td>0</td>
<td>3,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sat</td>
<td>2,000</td>
<td>0</td>
<td>3,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sun</td>
<td>2,000</td>
<td>0</td>
<td>3,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mon</td>
<td>2,000</td>
<td>0</td>
<td>2,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tues</td>
<td>2,000</td>
<td>0</td>
<td>1,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wed</td>
<td>2,000</td>
<td>28,000</td>
<td>2,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Balances Held</td>
<td><strong>28,000</strong></td>
<td><strong>28,000</strong></td>
<td><strong>28,000</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Deficiency

- Shortfall between the total balance maintained in a direct account or pass-through account and the reserve balance requirement
## Final Position

(in thousands)

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserve Requirement</td>
<td>2,000</td>
</tr>
<tr>
<td>Clearing Balance Requirement</td>
<td>200</td>
</tr>
<tr>
<td><strong>Total Required</strong></td>
<td><strong>2,200</strong></td>
</tr>
<tr>
<td>Usable Vault Cash</td>
<td>500</td>
</tr>
<tr>
<td>Account Balances Held</td>
<td>1,000</td>
</tr>
<tr>
<td>As-Of Adjustments</td>
<td>100</td>
</tr>
<tr>
<td><strong>Total Maintained</strong></td>
<td><strong>1,600</strong></td>
</tr>
<tr>
<td><strong>Gross Position</strong></td>
<td><strong>-600</strong></td>
</tr>
<tr>
<td>Carryover From Prior Period</td>
<td>0</td>
</tr>
<tr>
<td>Clearing Balance Band</td>
<td>-25</td>
</tr>
<tr>
<td>Subtotal</td>
<td>-575</td>
</tr>
<tr>
<td>Allowable Carryover</td>
<td>-63</td>
</tr>
<tr>
<td><strong>Offset in Next Period</strong></td>
<td><strong>-63</strong></td>
</tr>
<tr>
<td><strong>Net Position</strong></td>
<td><strong>-512</strong></td>
</tr>
</tbody>
</table>
## Final Position

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserve Requirement</td>
<td>2,000</td>
</tr>
<tr>
<td>Clearing Balance Requirement</td>
<td>200</td>
</tr>
<tr>
<td><strong>Total Required</strong></td>
<td><strong>2,200</strong></td>
</tr>
<tr>
<td>Usable Vault Cash</td>
<td>500</td>
</tr>
<tr>
<td>Account Balances Held</td>
<td>3,000</td>
</tr>
<tr>
<td>As-Of Adjustments</td>
<td>100</td>
</tr>
<tr>
<td><strong>Total Maintained</strong></td>
<td><strong>3,600</strong></td>
</tr>
<tr>
<td><strong>Gross Position</strong></td>
<td><strong>1,400</strong></td>
</tr>
<tr>
<td>Carryover From Prior Period</td>
<td>0</td>
</tr>
<tr>
<td>Clearing Balance Band</td>
<td>25</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>1,375</strong></td>
</tr>
<tr>
<td>Allowable Carryover</td>
<td>63</td>
</tr>
<tr>
<td><strong>Offset in Next Period</strong></td>
<td><strong>63</strong></td>
</tr>
<tr>
<td><strong>Net Position</strong></td>
<td><strong>1,312</strong></td>
</tr>
</tbody>
</table>
Position Reports

Types of Positions

- Reserve Only
- Clearing Balance Requirement Only
- Reserve and Clearing Balance Requirement

Types of Position Reports

- Preliminary
- Final
Position Reports

Report frequency

- Preliminary Position - Daily
- Final Position
  - Bi-weekly (every other Wednesday for weekly reporters)
  - Weekly (every Wednesday for quarterly reporters and non reporters)
Position Reports

Information provided on a Position Report

- Direct Account (no respondents)
  - Maintenance Period
  - Reserve Requirement
  - Clearing Balance Requirement
  - Usable Vault Cash
  - Account Balances
  - As-of Adjustments
  - Total Maintained
Position Reports

Information provided on a Position Report

- Direct Account (no respondents) cont’d
  - Gross Position
  - Carryover From Prior Period
  - Clearing Balance Band
  - Allowable Carryover
  - Offset in Next Period
  - Net position
Position Reports

- Direct Account with Pass-through respondents
  - Maintenance Period
  - Reserve Requirement
    - Own
    - Weekly Respondents
    - Quarterly Respondents
  - Clearing Balance Requirement
  - Total Requirement
Position Reports

- Direct Account with Pass-through respondents
  - Usable Vault Cash
    - Own
    - Weekly Respondents
    - Quarterly Respondents
  - Account Balances
  - As-of Adjustments
  - Total Maintained
Position Reports

- Direct Account with Pass-through respondents
  - Gross Position
  - Carryover From Prior Period
  - Clearing Balance Band
  - Allowable Carryover
  - Offset in Next Period
  - Net position
Position Reports

Types of Delivery

- FedMail (E-mail or Fax)
- ReserveCalc (If you have access to ReserveCalc)
Tools for Managing Position

- Carryover
- Required Clearing Balance
- Discount Window
Summary

- Account structure
- How to satisfy reserve/clearing requirement
- Account maintenance
- Position and position reports
- Tools for managing position
REMEMBER

- Always fund Account timely
  - Excess = Waste
  - Deficient = Penalty
Deficiencies, Penalties, & Waivers

Donnovan Surjoto
Overview

Reserve Deficiency vs. Clearing Deficiency

• Reserve Deficiency - Portion of reserve requirement that is not satisfied by vault cash and/or balances held directly at a Reserve Bank or indirectly in a pass-through account.

• Clearing Deficiency - Portion of the clearing balance that is not satisfied by balances held directly at a Reserve Bank.
Overview

Timeline for Finalizing Deficiencies

- **September 29**: Last day of maintenance period
- **October 27**: Maintenance period finalized
- **November 8 thru November 16**: Notification and advice of charges
- **November 17**: Charge date
## Reserve Deficiency

### Example

($ in 000)

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserve Requirement</td>
<td>$8,700</td>
</tr>
<tr>
<td>Clearing Balance Requirement</td>
<td>0</td>
</tr>
<tr>
<td>Usable Vault Cash</td>
<td>0</td>
</tr>
<tr>
<td>Account Balance</td>
<td>8,500</td>
</tr>
<tr>
<td>As-Of Adjustment</td>
<td>0</td>
</tr>
<tr>
<td>Carryover From Prior Period</td>
<td>0</td>
</tr>
<tr>
<td>Clearing Balance Band</td>
<td>0</td>
</tr>
<tr>
<td>Allowable Carryover</td>
<td>(200)</td>
</tr>
</tbody>
</table>
Reserve Deficiency

- Allowable Carryover - Not to exceed the greater of:
  - 4% of (Required Reserves + Required Clearing Balance) - Clearing Balance Band.
  - $50,000 - Clearing Balance Band

(Example)

4% ($8,700,000 + 0) - 0 = $348,000
$50,000 - 0 = $ 50,000
# Reserve Deficiency

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Required Reserve</td>
<td>$8,700</td>
</tr>
<tr>
<td>Required Clearing Balance</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Requirement</strong></td>
<td>$8,700</td>
</tr>
<tr>
<td>Less: Vault Cash</td>
<td>0</td>
</tr>
<tr>
<td>Account Balance</td>
<td>8,500</td>
</tr>
<tr>
<td>As-Of Adjustment</td>
<td>0</td>
</tr>
<tr>
<td><strong>Gross Position [Excess(Deficiency)]</strong></td>
<td>(200)</td>
</tr>
<tr>
<td>Prior Period Carryover</td>
<td>0</td>
</tr>
<tr>
<td>Clearing Balance Band</td>
<td>0</td>
</tr>
<tr>
<td>Allowable Carryover</td>
<td>(200)</td>
</tr>
<tr>
<td>Offset in Next Period</td>
<td>0</td>
</tr>
<tr>
<td><strong>Net Excess (Deficiency)</strong></td>
<td>(200)</td>
</tr>
</tbody>
</table>
Reserve Deficiency

Required Reserve Penalty

- Penalty = (Primary Rate + 1%) * (# Days in Maintenance Period) * (Deficiency) / (# Days in Year)

Example

\[(3.5\% \times 14 \times $200,000) / 365 = $269\]
## Clearing Deficiency

### Example

($ in 000)

<table>
<thead>
<tr>
<th>Component</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserve Requirement</td>
<td>$ -</td>
</tr>
<tr>
<td>Clearing Balance Requirement</td>
<td>2,500</td>
</tr>
<tr>
<td>Usable Vault Cash</td>
<td>0</td>
</tr>
<tr>
<td>Account Balance</td>
<td>750</td>
</tr>
<tr>
<td>As-Of Adjustment</td>
<td>0</td>
</tr>
<tr>
<td>Carryover From Prior Period</td>
<td>0</td>
</tr>
<tr>
<td>Clearing Balance Band</td>
<td>50</td>
</tr>
<tr>
<td>Allowable Carryover</td>
<td>0</td>
</tr>
</tbody>
</table>
Clearing Deficiency

- Clearing Balance Band - Greater of:
  - $25,000 or
  - 2% of Required Clearing Balance

Minimum = $25,000
$2,500,000 * 2% = $50,000

- Allowable Carryover
  Allowable carryover is not allowed for reporters with only a clearing balance requirement.
Clearing Deficiency

Net Excess / (Deficiency)

Required Reserve $ -
Required Clearing Balance 2,500

Total Requirement $ 2,500

Less: Vault Cash 0
Account Balance 750
As-Of Adjustment 0 750

Gross Position [Excess(Deficiency)] (1,750)

Prior Period Carryover 0
Clearing Balance Band 50
Allowable Carryover 0
Offset in Next Period 0

Net Excess (Deficiency) (1,700)
Clearing Deficiency

Penalty

- Part 1: Required Clearing Balance * 20% * # Days in Maintenance Period / # Days in Year

- Part 2: Net Deficiency - (Required Clearing Balance * 20%) * # Days in Maintenance Period / # Days in Year
Clearing Deficiency

• Calculation
  2% of Part 1 + 4% of Part 2

Example

(1) 2% * ($2,500,000 * 20%) * 14/365 = $ 383
(2) 4% * ($1,700,000 - ($2,500,000 * 20%)) * 14/365 = $ 1,841

Total Penalty $ 2,224
### Comprehensive Reserve & Clearing Deficiencies

#### Example

($ in 000)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserve Requirement</td>
<td>$4,500</td>
</tr>
<tr>
<td>Clearing Balance Requirement</td>
<td>500</td>
</tr>
<tr>
<td>Usable Vault Cash</td>
<td>900</td>
</tr>
<tr>
<td>Account Balance</td>
<td>3,700</td>
</tr>
<tr>
<td>As-Of Adjustment</td>
<td>(1,000)</td>
</tr>
<tr>
<td>Carryover From Prior Period</td>
<td>75</td>
</tr>
<tr>
<td>Clearing Balance Band</td>
<td>25</td>
</tr>
<tr>
<td>Allowable Carryover</td>
<td>(175)</td>
</tr>
</tbody>
</table>
Comprehensive Reserve & Clearing Deficiencies

- Clearing Balance Band - Greater of:
  - $25,000 or
  - 2% of Required Clearing Balance

Minimum = $25,000
$500,000 * 2% = $10,000
Comprehensive Reserve & Clearing Deficiencies

- Allowable Carryover - Not to exceed the greater of:
  - 4% of (Required Reserves + Required Clearing Balance) - Clearing Balance Band.
  - $50,000 - Clearing Balance Band

(Example)

4% ($4,500,000 + 500,000) - 25,000 = $175,000
$50,000 - 25,000 = $ 25,000
### Comprehensive Reserve & Clearing Deficiencies

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Required Reserve</td>
<td>$ 4,500</td>
</tr>
<tr>
<td>Required Clearing Balance</td>
<td>500</td>
</tr>
<tr>
<td>Total Requirement</td>
<td>$ 5,000</td>
</tr>
<tr>
<td>Less: Vault Cash</td>
<td>900</td>
</tr>
<tr>
<td>Account Balance</td>
<td>3,700</td>
</tr>
<tr>
<td>As-Of Adjustment (1,000)</td>
<td>3,600</td>
</tr>
<tr>
<td><strong>Gross Position [Excess (Deficiency)]</strong></td>
<td>(1,400)</td>
</tr>
<tr>
<td>Prior Period Carryover</td>
<td>75</td>
</tr>
<tr>
<td>Clearing Balance Band</td>
<td>25</td>
</tr>
<tr>
<td>Allowable Carryover (175)</td>
<td></td>
</tr>
<tr>
<td>Offset in Next Period</td>
<td>0</td>
</tr>
<tr>
<td><strong>Net Excess (Deficiency)</strong></td>
<td>(1,300)</td>
</tr>
</tbody>
</table>
Comprehensive Reserve & Clearing Deficiencies

Allocation of Deficiency

- Clearing Balance Deficiency

Total Deficiency - (Required Reserve - Total Maintained - Clearing Balance Band)

\[
\text{Total Deficiency} - \text{(Required Reserve} \ - \ \text{Total Maintained} - \ \text{Clearing Balance Band)}
\]

\[
\$1,300,000 - (\$4,500,000 - \$3,600,000 - \$25,000)
\]

\[
= \$425,000
\]
Comprehensive Reserve & Clearing Deficiencies

Clearing Balance Penalty

- Part 1: (Required Clearing Balance * 20%)  
  \[ ($500,000 \times 20\%) = $100,000 \]

- Part 2: Clearing Balance Deficiency - (Required Clearing Balance * 20%)  
  \[ $425,000 - ($500,000 \times 20\%) = $325,000 \]
Comprehensive Reserve & Clearing Deficiencies

- \[\left(\frac{2\% \text{ of Part 1 of Clearing Deficiency}}{} \times \frac{\# \text{ Days in Maintenance Period}}{\# \text{ Days in Year}}\right) + \left(\frac{4\% \text{ of Part 2 of Clearing Deficiency}}{} \times \frac{\# \text{ Days in Maintenance Period}}{\# \text{ Days in Year}}\right) = \text{Clearing Penalty}\]

\[
\begin{align*}
($100,000 \times 2\%) \times \frac{14}{365} & = 77 \\
($325,000 \times 4\%) \times \frac{14}{365} & = 499 \\
\text{Total Clearing Penalty} & = 576
\end{align*}
\]
Comprehensive Reserve & Clearing Deficiencies

- Reserve Deficiency
  - Gross Deficiency - Required Clearing Balance Deficiency

$1,300,000 - $425,000 = $ 875,000
Comprehensive Reserve & Clearing Deficiencies

- Required Reserve Penalty
  
  \[ \text{Penalty} = (\text{Primary Rate} + 1\%) \times (\# \text{ Days in Maintenance Period}) \times (\text{Deficiency}) / (\# \text{ Days in Year}) \]

\[ ($875,000 \times 3.5\%) \times 14 / 365 = $1,175 \]
Comprehensive Reserve & Clearing Deficiencies

- Total Penalty

Clearing Penalty $576
Required Reserve Penalty $1,175
Total Penalty $1,751
Waivers

- “A” - Waiver
  Penalty $25 or less - May be waived and the institution may be required to explain the deficiency.

- “C” - Waiver
  Penalty > $25 and ≤ 5% of daily average requirement - May be waived once every 2 years.
Summary

Key Points

- Vault cash cannot be used to satisfy Required Clearing Balance.
- Reserve balances are used to satisfy Required Reserves before Required Clearing Balance.
- A deficiency cannot be carried over to a subsequent deficient period.
- No Allowable Carryover for institutions with only a clearing balance.
- Certain penalties **MAY** be waived.
Reserve Contacts & References

Additional References

An online guide to regulatory and financial reporting and reserves information can be found at www.reportingandreserves.org

Discount Window Hotline: (800) 226-5619

Federal Reserve Bank of New York Contacts

Ben Annoscia 212-720-8920  Anthony LaRocca 212-720-8414
Eartha Collins 212-720-5993  Linda Mason 212-720-5799
Dorinda Chisholm 212-720-8413  Brian Osterhus 212-720-8023
Claudette Knight 212-720-5798  Cheryl Rasmussen 212-720-5460
ReserveCalc Features

Reserve Maintenance Information

• Balance Calculator
• Position
• Account Balances
• As-of Adjustments
• Requirement
• Reservable Liabilities
• Position History

Print Report
Useful links
ReserveCalc

We'll start out with the Balance Calculator. For most users, this is the first report that you'll see.
### Balance Calculator

**Maintenance Period:** 05/26/2004  
**Correspondent:** No  
**Merger Survivor:** No

#### Maintenance Period Status:
- **Preliminary**

#### Total Balance Requirement
- **Aggregate:** $2,450  
  - **Days:** 7  
  - **Average:** 350

#### Carry-Over from Prior Period
- **Aggregate:** 0  
  - **Days:** 7  
  - **Average:** 0

#### Total Balances to be Held
- **Aggregate:** $2,450

#### FRB Actual Balances (4 Days)
- **Aggregate:** $1,467  
  - **Days:** 4  
  - **Average:** 367

#### User Estimated Balances (0 Days)
- **Aggregate:** 0

#### FRB Actual As-of Adjustments
- **Aggregate:** 0  
  - **Days:** 7  
  - **Average:** 0

#### User Estimated As-of Adjustments
- **Aggregate:** 0

#### Total Balances Held (includes Estimates)
- **Aggregate:** $1,467

#### Additional amount to be held for remaining 3 days
- **Aggregate:** $983  
  - **Days:** 3  
  - **Average:** 328
### Balance Calculator

**Maintenance Period:** 05/26/2004  
**Correspondent:** No  
**Merger Survivor:** No

**Maintenance Period Status:** Preliminary

<table>
<thead>
<tr>
<th>Description</th>
<th>Aggregate</th>
<th>÷ Days</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Balance Requirement</td>
<td>2,450</td>
<td>÷ 7</td>
<td>350</td>
</tr>
<tr>
<td>Carry-Over from Prior Period</td>
<td>0</td>
<td>÷ 7</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Balances to be Held</strong></td>
<td><strong>2,450</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **FRB Actual Balances (4 Days):**  
  - **1,467**  
  - ÷ 4  
  - 367

- **User Estimated Balances (0 Days):**  
  - 0

- **FRB Actual As-of Adjustments:**  
  - 0  
  - ÷ 7  
  - 0

- **User Estimated As-of Adjustments:**  
  - 0

- **Total Balances Held (includes Estimates):**  
  - **1,467**

**Additional amount to be held for remaining 3 days:**  
- **983**  
- ÷ 3  
- **328**
Balance Calculator

<table>
<thead>
<tr>
<th>BALANCE CALCULATOR</th>
<th>MAINTENANCE PERIOD 05/26/2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aggregate</td>
<td>÷ Days</td>
</tr>
<tr>
<td>Additional amount to be held for remaining 3 days</td>
<td>983</td>
</tr>
</tbody>
</table>

A Zero Position Can Be Achieved Anywhere Between:

<table>
<thead>
<tr>
<th>Lowest Balance</th>
<th>Highest Useful Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Average Carry-Over to next period = 0)</td>
<td>(Average Carry-Over to next period = 0)</td>
</tr>
<tr>
<td>808</td>
<td>1,158</td>
</tr>
<tr>
<td>( ÷ 3 )</td>
<td>( ÷ 3 )</td>
</tr>
<tr>
<td>269</td>
<td>386</td>
</tr>
</tbody>
</table>
The Balance Calculator is interactive as well. It allows you to estimate future balances or as-of adjustments, and then recalculate the Target Balance.

Click the Balance Calculator button to estimate your account balances.

<table>
<thead>
<tr>
<th>BALANCE CALCULATOR</th>
<th>MAINTENANCE PERIOD</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>05/26/2004</td>
</tr>
<tr>
<td>Aggregate</td>
<td>Divided by Days</td>
</tr>
<tr>
<td>Average</td>
<td></td>
</tr>
<tr>
<td>Additional amount to be held for remaining 3 days</td>
<td>983 (÷ 3)</td>
</tr>
<tr>
<td>A Zero Position Can Be Achieved Anywhere Between:</td>
<td></td>
</tr>
<tr>
<td>Lowest Balance</td>
<td></td>
</tr>
<tr>
<td>(Average Carry-Over to next period = 0)</td>
<td>808 (÷ 3)</td>
</tr>
<tr>
<td>Highest Useful Balance</td>
<td></td>
</tr>
<tr>
<td>(Average Carry-Over to next period = 0)</td>
<td>1,158 (÷ 3)</td>
</tr>
</tbody>
</table>

[Balance Calculator button]
Tips

Enter estimated balances and estimated as-of adjustments in dollars and cents.

For holidays, estimated balances entered by the user, should be identical to the balance for the previous day.

ReserveCalc automatically uses Friday’s estimated balance for the following Saturday and Sunday.
Let's assume you want to know what your Target Balance should be for the remaining days in the maintenance period, if you close with $250,000.00 in your account on Monday night.

Enter your estimated balance, then click the Calculate button.

### BALANCE CALCULATOR - DETAIL

#### MAINTENANCE PERIOD 05/26/2004

Enter your Account Balance estimates (in dollars)...

<table>
<thead>
<tr>
<th>Day</th>
<th>Date</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thursday</td>
<td>05/20/2004</td>
<td>398,876.30</td>
</tr>
<tr>
<td>Friday</td>
<td>05/21/2004</td>
<td>356,197.36</td>
</tr>
<tr>
<td>Saturday</td>
<td>05/22/2004</td>
<td>356,197.36</td>
</tr>
<tr>
<td>Sunday</td>
<td>05/23/2004</td>
<td>356,197.36</td>
</tr>
<tr>
<td>Monday</td>
<td>05/24/2004</td>
<td><strong>250,000.00</strong></td>
</tr>
<tr>
<td>Tuesday</td>
<td>05/25/2004</td>
<td></td>
</tr>
<tr>
<td>Wednesday</td>
<td>05/26/2004</td>
<td></td>
</tr>
</tbody>
</table>

Current FRB As-of Adjustments (in thousands):

Enter your aggregate As-of Adjustment estimate (in dollars)...
The estimated balance is now included in the calculation, and a new Target Balance and Range are provided for the remaining 2 days of the maintenance period.

<table>
<thead>
<tr>
<th>BALANCE CALCULATOR - YOUR ESTIMATES</th>
<th>PERIOD 05/26/2004</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Aggregate</td>
</tr>
<tr>
<td>Total Balance Requirement</td>
<td>2,450</td>
</tr>
<tr>
<td>Carry-Over from Prior Period</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Balances to be Held</strong></td>
<td><strong>2,450</strong></td>
</tr>
</tbody>
</table>

| FRB Actual Balances (4 Days)        | 1,467     | 4    | 367     |
| User Estimated Balances (1 Days)    | 250       |      |         |
| FRB Actual As-of Adjustments        | 0         | 7    | 0       |
| User Estimated As-of Adjustments    | 0         |      |         |
| **Total Balances Held (includes Estimates)** | **1,717** |        |         |

| Additional amount to be held for remaining 2 days | 733 | 2 | 367 |

A Zero Position Can Be Achieved Anywhere Between:

| Lowest Balance                        | 558 | 2 | 279 |
| (Average Carry-Over to next period = 0) |      |   |     |

| Highest Useful Balance                | 908 | 2 | 454 |
| (Average Carry-Over to next period = 0) |      |   |     |
Next, let's view the Preliminary Position report for this maintenance period by clicking the Position link.
This is the Preliminary Position Report. It shows your position for the current and prior two maintenance periods.

### Balance Calculator

<table>
<thead>
<tr>
<th>Maintenance Period End Dates</th>
<th>06/02/2004</th>
<th>05/26/2004</th>
<th>05/19/2004</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Reserve Requirement</strong></td>
<td>237</td>
<td>237</td>
<td>237</td>
</tr>
<tr>
<td><strong>Clearing Balance Requirement</strong></td>
<td>350</td>
<td>350</td>
<td>350</td>
</tr>
<tr>
<td><strong>Total Requirement</strong></td>
<td>587</td>
<td>587</td>
<td>587</td>
</tr>
<tr>
<td><strong>Usable Vault Cash</strong></td>
<td>237</td>
<td>237</td>
<td>237</td>
</tr>
<tr>
<td><strong>Account Balances</strong></td>
<td>818</td>
<td>443</td>
<td>378</td>
</tr>
<tr>
<td><strong>As-of Adjustments</strong></td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Maintained</strong></td>
<td>1,055</td>
<td>680</td>
<td>615</td>
</tr>
<tr>
<td><strong>Gross Position</strong></td>
<td>468</td>
<td>93</td>
<td>28</td>
</tr>
<tr>
<td><strong>Carry-Over from Prior Period</strong></td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Clearing Balance Allowance</strong></td>
<td>25</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>443</td>
<td>68</td>
<td>3</td>
</tr>
<tr>
<td><strong>Allowable Carry-Over to Next Period</strong></td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Carry-Over Offset in Next Period</strong></td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Net Position</strong></td>
<td>443</td>
<td>68</td>
<td>3</td>
</tr>
</tbody>
</table>
## Preliminary Position Report

### New Feature:

The default "Point In Time" for Position reports is "Now," showing you the most up-to-date information available. To view a report generated at a point in time in the past, select a date from the pulldown menu.

### Table: Preliminary Direct Position

<table>
<thead>
<tr>
<th>Maintenance Period End Dates</th>
<th>06/02/2004</th>
<th>05/28/2004</th>
<th>06/02/2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserve Requirement</td>
<td>237</td>
<td>237</td>
<td>237</td>
</tr>
<tr>
<td>Clearing Balance Requirement</td>
<td>350</td>
<td>350</td>
<td>350</td>
</tr>
<tr>
<td><strong>Total Requirement</strong></td>
<td><strong>587</strong></td>
<td><strong>587</strong></td>
<td><strong>587</strong></td>
</tr>
<tr>
<td>Usable Vault Cash</td>
<td>237</td>
<td>237</td>
<td>237</td>
</tr>
<tr>
<td>Account Balances</td>
<td>818</td>
<td>443</td>
<td>378</td>
</tr>
<tr>
<td>As-of Adjustments</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Maintained</strong></td>
<td><strong>1,055</strong></td>
<td><strong>680</strong></td>
<td><strong>615</strong></td>
</tr>
<tr>
<td><strong>Gross Position</strong></td>
<td><strong>468</strong></td>
<td><strong>93</strong></td>
<td><strong>28</strong></td>
</tr>
<tr>
<td>Carry-Over from Prior Period</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Clearing Balance Allowance</td>
<td>25</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>443</strong></td>
<td><strong>68</strong></td>
<td><strong>3</strong></td>
</tr>
<tr>
<td>Allowable Carry-Over to Next Period</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Carry-Over Offset in Next Period</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Net Position</strong></td>
<td><strong>443</strong></td>
<td><strong>68</strong></td>
<td><strong>3</strong></td>
</tr>
</tbody>
</table>
# Preliminary Position Report

## Position - Preliminary Direct

<table>
<thead>
<tr>
<th>Maintenance Period End Dates</th>
<th>06/02/2004</th>
<th>05/26/2004</th>
<th>05/19/2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserve Requirement</td>
<td>237</td>
<td>237</td>
<td>237</td>
</tr>
<tr>
<td>Clearing Balance Requirement</td>
<td>350</td>
<td>350</td>
<td>350</td>
</tr>
<tr>
<td><strong>Total Requirement</strong></td>
<td><strong>587</strong></td>
<td><strong>587</strong></td>
<td><strong>587</strong></td>
</tr>
<tr>
<td>Usable Vault Cash</td>
<td>237</td>
<td>237</td>
<td>237</td>
</tr>
<tr>
<td>Account Balances</td>
<td>900</td>
<td>443</td>
<td>378</td>
</tr>
<tr>
<td>As-of Adjustments</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Maintained</strong></td>
<td><strong>1,137</strong></td>
<td><strong>680</strong></td>
<td><strong>615</strong></td>
</tr>
<tr>
<td><strong>Gross Position</strong></td>
<td><strong>550</strong></td>
<td><strong>93</strong></td>
<td><strong>28</strong></td>
</tr>
<tr>
<td>Carry-Over from Prior Period</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Clearing Balance Allowance</td>
<td>25</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>525</strong></td>
<td><strong>68</strong></td>
<td><strong>3</strong></td>
</tr>
<tr>
<td>Allowable Carry-Over to Next Period</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Carry-Over Offset in Next Period</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Net Position</strong></td>
<td><strong>525</strong></td>
<td><strong>68</strong></td>
<td><strong>3</strong></td>
</tr>
</tbody>
</table>
## Preliminary Position Report

<table>
<thead>
<tr>
<th>Maintenance Period End Dates</th>
<th>06/02/2004</th>
<th>05/26/2004</th>
<th>05/19/2004</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Reserve Requirement</strong></td>
<td>237</td>
<td>237</td>
<td>237</td>
</tr>
<tr>
<td><strong>Clearing Balance Requirement</strong></td>
<td>350</td>
<td>350</td>
<td>350</td>
</tr>
<tr>
<td><strong>Total Requirement</strong></td>
<td>587</td>
<td>587</td>
<td>587</td>
</tr>
<tr>
<td><strong>Usable Vault Cash</strong></td>
<td>237</td>
<td>237</td>
<td>237</td>
</tr>
<tr>
<td><strong>Account Balances</strong></td>
<td>900</td>
<td>443</td>
<td>428</td>
</tr>
<tr>
<td><strong>As-of Adjustments</strong></td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Maintained</strong></td>
<td>1,137</td>
<td>680</td>
<td>665</td>
</tr>
<tr>
<td><strong>Gross Position</strong></td>
<td>550</td>
<td>93</td>
<td>78</td>
</tr>
<tr>
<td><strong>Carry-Over from Prior Period</strong></td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Clearing Balance Allowance</strong></td>
<td>25</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>525</td>
<td>68</td>
<td>53</td>
</tr>
<tr>
<td><strong>Allowable Carry-Over to Next Period</strong></td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Carry-Over Offset in Next Period</strong></td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Net Position</strong></td>
<td>525</td>
<td>68</td>
<td>53</td>
</tr>
</tbody>
</table>

To see detail on your daily account balances, click on Account Balances in the menu selection items, or on the dollar amount in the report.
# Account Balances

## Average Account Balances (in thousands)

<table>
<thead>
<tr>
<th>Day</th>
<th>Date</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thursday</td>
<td>05/27/2004</td>
<td>469,766.40</td>
</tr>
<tr>
<td>Friday</td>
<td>05/28/2004</td>
<td>1,007,628.81</td>
</tr>
<tr>
<td>Saturday</td>
<td>05/29/2004</td>
<td>1,007,628.81</td>
</tr>
<tr>
<td>Sunday</td>
<td>05/30/2004</td>
<td>1,007,628.81</td>
</tr>
<tr>
<td>Monday</td>
<td>05/31/2004</td>
<td>1,007,628.81</td>
</tr>
<tr>
<td>Tuesday</td>
<td>06/01/2004</td>
<td>0.00</td>
</tr>
<tr>
<td>Wednesday</td>
<td>06/02/2004</td>
<td>0.00</td>
</tr>
</tbody>
</table>

Total Account Balances: 4,500,281.64
To see information on your as-of adjustments, click this link in the menu.
### As-Of Adjustments Summary Report

**Maintenance Period:** 05/26/2004

<table>
<thead>
<tr>
<th>Day</th>
<th>Date</th>
<th>Adjustments (Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thursday</td>
<td>05/20/2004</td>
<td>0.00</td>
</tr>
<tr>
<td>Friday</td>
<td>05/21/2004</td>
<td>-149,501,500.00</td>
</tr>
<tr>
<td>Saturday</td>
<td>05/22/2004</td>
<td>0.00</td>
</tr>
<tr>
<td>Sunday</td>
<td>05/23/2004</td>
<td>0.00</td>
</tr>
<tr>
<td>Monday</td>
<td>05/24/2004</td>
<td>8,332,333.33</td>
</tr>
<tr>
<td>Tuesday</td>
<td>05/25/2004</td>
<td>0.00</td>
</tr>
<tr>
<td>Wednesday</td>
<td>05/26/2004</td>
<td>0.00</td>
</tr>
</tbody>
</table>

**Average As-of Adjustments (in thousands):** -10,327

**Total As-of Adjustments:** -144,575,822.82

- **Applied on a Date Before this Maintenance Period Began:** -3,431,656.15
- **Applied on a Date After this Maintenance Period Ended:** 25,000.00

The As-Of Adjustments Summary report shows your as-of adjustments for each day during the maintenance period. It also shows as-of adjustments applied before and after the period.

For a list of all as-of adjustments, click on the total.
# As-Of Adjustments Detail

NEW FEATURE:
For detailed information on an individual as-of adjustment, click on the link.

<table>
<thead>
<tr>
<th>Date Entered</th>
<th>Date Approved</th>
<th>Date Applied</th>
<th>Amount Entered</th>
<th>Amount Applied</th>
</tr>
</thead>
<tbody>
<tr>
<td>05/28/2004</td>
<td>05/28/2004</td>
<td>05/28/2004</td>
<td>50,000.00</td>
<td>25,000.00</td>
</tr>
<tr>
<td>05/24/2004</td>
<td>05/24/2004</td>
<td>05/24/2004</td>
<td>10,000,000.00</td>
<td>5,000,000.00</td>
</tr>
<tr>
<td>05/24/2004</td>
<td>05/24/2004</td>
<td>05/24/2004</td>
<td>10,000,000.00</td>
<td>3,333,333.33</td>
</tr>
<tr>
<td>05/24/2004</td>
<td>05/24/2004</td>
<td>05/24/2004</td>
<td>-1,000.00</td>
<td>-1,000.00</td>
</tr>
<tr>
<td>05/21/2004</td>
<td>05/21/2004</td>
<td>05/21/2004</td>
<td>-49,500,000.00</td>
<td>-49,500,000.00</td>
</tr>
<tr>
<td>05/21/2004</td>
<td>05/21/2004</td>
<td>05/21/2004</td>
<td>-50,000,000.00</td>
<td>-50,000,000.00</td>
</tr>
<tr>
<td>05/21/2004</td>
<td>05/21/2004</td>
<td>05/21/2004</td>
<td>-50,000,000.00</td>
<td>-50,000,000.00</td>
</tr>
<tr>
<td>05/21/2004</td>
<td>05/21/2004</td>
<td>05/21/2004</td>
<td>-500.00</td>
<td>-500.00</td>
</tr>
<tr>
<td>05/21/2004</td>
<td>05/21/2004</td>
<td>05/21/2004</td>
<td>-1,000.00</td>
<td>-1,000.00</td>
</tr>
<tr>
<td>04/30/2004</td>
<td>04/30/2004</td>
<td>04/30/2004</td>
<td>-55,030.00</td>
<td>-275,150.00</td>
</tr>
<tr>
<td>04/30/2004</td>
<td>04/30/2004</td>
<td>04/30/2004</td>
<td>-450,929.45</td>
<td>-3,156,506.15</td>
</tr>
</tbody>
</table>
NEW FEATURE:
Detailed information for an individual as-of adjustment includes items such as the reason code and a description.

<table>
<thead>
<tr>
<th>AS-OF ADJUSTMENTS - DETAIL</th>
</tr>
</thead>
<tbody>
<tr>
<td>MAINTENANCE PERIOD 05/26/2004</td>
</tr>
</tbody>
</table>

**ORIGINATING TRANSACTION**

<table>
<thead>
<tr>
<th>Originating ABA</th>
<th>122999999</th>
</tr>
</thead>
<tbody>
<tr>
<td>Servicing FRB</td>
<td>122-Los Angeles</td>
</tr>
<tr>
<td>Penultimate ABA</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>From</th>
<th>To</th>
<th>Days</th>
<th>CCWU</th>
<th>Batch</th>
<th>Trancode</th>
<th>Reason</th>
</tr>
</thead>
<tbody>
<tr>
<td>04/13/2004</td>
<td>04/19/2004</td>
<td>7</td>
<td>6101</td>
<td>20003</td>
<td>15298</td>
<td>DI Error (3)</td>
</tr>
</tbody>
</table>

**Entry Amount**
-450,929.45  

**Aggregate Amount**
-3,156,506.15

**Description**

TO ADJUST FOR YOUR CASH LETTER CREDITED TWICE ON 04/13/04.
Next, let's request a Requirement Report by clicking here.
**Requirement Report**

The Requirement report shows your Net Total Reserve Requirement, Reserves to be Maintained and Total Balance to be Maintained with the FRB.

**Deposit Data Status:** Revised Final

<table>
<thead>
<tr>
<th>Deposit Data Status</th>
<th>Daily Average Deposits</th>
<th>Percent Applied</th>
<th>Daily Average Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reservable Liabilities From: 04/13/2004 - 04/26/2004</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Net Transaction Accounts**

<table>
<thead>
<tr>
<th>Net Transaction Accounts</th>
<th>Exempt</th>
<th>Up to 38,800</th>
<th>Over 38,800</th>
<th>1,164</th>
<th>9,230</th>
</tr>
</thead>
</table>

**Gross Reserve Requirement**

Less Tranche Loss Adjustment 0

**Net Total Reserve Requirement**

<table>
<thead>
<tr>
<th>Net Total Reserve Requirement</th>
<th>Reported Vault Cash</th>
<th>Less Usable Vault Cash</th>
<th>Net Total Reserve Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>10,394</td>
<td>3,796</td>
<td>3,796</td>
<td>10,394</td>
</tr>
</tbody>
</table>

**Reserves to be Maintained**

<table>
<thead>
<tr>
<th>Reserves to be Maintained</th>
<th>Clearing Balance Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>6,598</td>
<td>150</td>
</tr>
</tbody>
</table>

**Total Balance to be Maintained with the FRB San Francisco**

6,748
...and a glossary pops up.

**Final:**
The FR2900/FR2900Q report(s) for this period has been entered.

**Revised Final:**
The FR2900/FR2900Q report(s) for this period has been entered and revised.

**Estimated:**
The FR2900/FR2900Q report(s) entered for this period is estimated data.

**Revised Estimated:**
New Feature:

The default "Point In Time" for Requirement reports is "Now," showing you the most up-to-date information available. To view a report generated at a point in time in the past, select a date from the pulldown menu.

### Requirement Report

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Maintenance Period: 05/26/2004</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Point in Time:</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Deposit Data Status:</strong> Revised Final</td>
</tr>
<tr>
<td></td>
<td><strong>Daily Average Deposits</strong></td>
</tr>
<tr>
<td><strong>Deposit Liabilities</strong></td>
<td>05/24/2004 End of Day 05/04/2004 End of Day</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Reservable Liabilities From: 04/13/2004 - 04/26/2004</th>
</tr>
</thead>
</table>

### Net Transaction Accounts

<table>
<thead>
<tr>
<th>Type</th>
<th>Exempt</th>
<th>Up to 38,800</th>
<th>Over 38,800</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exempt</td>
<td>6,600</td>
<td>38,800</td>
<td>92,303</td>
</tr>
<tr>
<td>Less Tranche Loss Adjustment</td>
<td>0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Gross Reserve Requirement

<table>
<thead>
<tr>
<th>Gross Reserve Requirement</th>
<th>10,394</th>
</tr>
</thead>
</table>

### Net Total Reserve Requirement

<table>
<thead>
<tr>
<th>Net Total Reserve Requirement</th>
<th>10,394</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Reserves to be Maintained</th>
<th>6,598</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clearing Balance Requirement</td>
<td>150</td>
</tr>
<tr>
<td><strong>Total Balance to be Maintained with the FRB San Francisco</strong></td>
<td>6,748</td>
</tr>
</tbody>
</table>

---

The report shows the net transaction accounts and the net total reserve requirement, which includes reported vault cash and less usable vault cash. The total balance to be maintained with the FRB San Francisco is also included.
### Requirement Report

#### Requirement

**Deposit Data Status:** Revised Final  
**Point in Time:** Now

#### Net Transaction Accounts

<table>
<thead>
<tr>
<th>Category</th>
<th>Daily Average Deposits</th>
<th>Percent Applied</th>
<th>Daily Average Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exempt</td>
<td>6,600</td>
<td>3</td>
<td>1,164</td>
</tr>
<tr>
<td>Up to 38,800</td>
<td>38,800</td>
<td>3</td>
<td>1,164</td>
</tr>
<tr>
<td>Over 38,800</td>
<td>92,303</td>
<td>10</td>
<td>9,230</td>
</tr>
</tbody>
</table>

#### Gross Reserve Requirement

Less Tranche Loss Adjustment 0

#### Net Total Reserve Requirement

- Reported Vault Cash 3,796
- Less Usable Vault Cash 3,796

#### Reserves to be Maintained

- Clearing Balance Requirement 150

#### Total Balance to be Maintained with the FRB San Francisco 6,748
The Reservable Liabilities report shows data from your FR2900 report that were used to calculate your reserve requirement.

### Reservable Liabilities

**RESERVABLE LIABILITIES**

**MAINTENANCE PERIOD 05/26/2004**

<table>
<thead>
<tr>
<th>Report Item</th>
<th>Aggregate Amounts for Computation Period</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>04/19/2004</strong></td>
</tr>
<tr>
<td><strong>Deposits</strong></td>
<td></td>
</tr>
<tr>
<td>A.1.a</td>
<td>0</td>
</tr>
<tr>
<td>A.1.b</td>
<td>487</td>
</tr>
<tr>
<td>A.1.c</td>
<td>749,170</td>
</tr>
<tr>
<td>A.2</td>
<td>289,270</td>
</tr>
<tr>
<td>B.1</td>
<td>9,371</td>
</tr>
<tr>
<td>B.2</td>
<td>69,490</td>
</tr>
<tr>
<td>E.1</td>
<td>26,630</td>
</tr>
<tr>
<td>F.2</td>
<td>0</td>
</tr>
<tr>
<td>AA1</td>
<td>0</td>
</tr>
<tr>
<td>AA2</td>
<td>0</td>
</tr>
<tr>
<td><strong>Eurocurrency</strong></td>
<td></td>
</tr>
<tr>
<td>Foreign Borrowing</td>
<td>0</td>
</tr>
<tr>
<td>Liabilities To Own</td>
<td>0</td>
</tr>
<tr>
<td>Claims On Own</td>
<td>0</td>
</tr>
<tr>
<td>Total Assets</td>
<td>0</td>
</tr>
<tr>
<td>Assets Acquired</td>
<td>0</td>
</tr>
<tr>
<td>Credit Extended</td>
<td>0</td>
</tr>
</tbody>
</table>
...and a glossary pops up.

Reservable Liabilities Report Item Names

A1A:
Due to Depository Institutions.

A1B:
Of U.S. Government.

A1C:
Other Demand.

A2:
ATS Accounts and NOW Accounts/Share Drafts, and Telephone and Preauthorized Transfers.
**Correspondent And Pass-Through Requirement**

<table>
<thead>
<tr>
<th>Deposit Data Status</th>
<th>Daily Average Deposits</th>
<th>Percent Applied</th>
<th>Daily Average Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Reservable Liabilities From:</strong> 04/22/2004 - 04/28/2004</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exempt</td>
<td>6,600</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Up to 38,800</td>
<td>38,800</td>
<td>3</td>
<td>1,164</td>
</tr>
<tr>
<td>Over 38,800</td>
<td>229,585</td>
<td>10</td>
<td>22,959</td>
</tr>
<tr>
<td><strong>Gross Reserve Requirement</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less Tranche Loss Adjustment</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net Total Reserve Requirement</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reported Vault Cash</td>
<td>38,541</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less Usable Vault Cash</td>
<td>24,123</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Reserves to be Maintained</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clearing Balance Requirement</td>
<td>15,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Own Balance to be Maintained with FRB San Francisco</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Own and Respondent Balance to be Maintained with FRB San Francisco</td>
<td>15,454</td>
<td>Final</td>
<td></td>
</tr>
</tbody>
</table>

---

**New Feature:**

For correspondents, the requirement report shows your own required balance and that of your respondents.
## Correspondent And Pass-Through Requirement

### Weekly Respondents

<table>
<thead>
<tr>
<th>ABA</th>
<th>Name</th>
<th>Net Reserve Requirement</th>
<th>Usable Required Balance</th>
<th>Deposit Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>1249999999</td>
<td></td>
<td></td>
<td></td>
<td>Final</td>
</tr>
</tbody>
</table>

### Quarterly Respondents

<table>
<thead>
<tr>
<th>ABA / Name</th>
<th>Quarterly MP Ending</th>
<th>Net Reserve Requirement</th>
<th>Usable Vault Cash</th>
<th>Average Required Balance</th>
<th>Deposit Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>1241999999</td>
<td>05/19/2004</td>
<td>RR Met by Vault Cash</td>
<td>495</td>
<td>227</td>
<td>Final</td>
</tr>
<tr>
<td>1243009999</td>
<td>05/26/2004</td>
<td>RR Met by Vault Cash</td>
<td>495</td>
<td>227</td>
<td>Final</td>
</tr>
<tr>
<td>1243999999</td>
<td>05/19/2004</td>
<td>722</td>
<td>495</td>
<td>227</td>
<td>Final</td>
</tr>
<tr>
<td>1243999999</td>
<td>05/19/2004</td>
<td>No Reserve Requirement</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**New Feature:**

This is the lower part of the Requirement report for a correspondent. It provides requirement information for each respondent.
Next, let's explore Position History. To request the Position History starting from 12/23/2003, select this date from the pulldown menu and click on the Position History link.
The Position History report shows your position for each maintenance period. Let’s drill down to find out more detail on this deficiency on 03/31/2004. Click on the link to retrieve the Position report.

<table>
<thead>
<tr>
<th>Maintenance Period End Date</th>
<th>Final Position</th>
<th>Clearing Balance</th>
<th>Reserve Charge</th>
<th>Total Charge</th>
<th>Charge Disposition Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>06/09/2004</td>
<td>1,092 *</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>05/26/2004</td>
<td>0 *</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>05/12/2004</td>
<td>0 *</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>04/28/2004</td>
<td>0</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>04/14/2004</td>
<td>0</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>03/31/2004</td>
<td>-77</td>
<td>95.12</td>
<td>0.00</td>
<td>95.12</td>
<td>Charged 05/19/2004</td>
</tr>
<tr>
<td>03/17/2004</td>
<td>0</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>03/03/2004</td>
<td>0</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>02/18/2004</td>
<td>0</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>02/04/2004</td>
<td>338</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>01/21/2004</td>
<td>0</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>01/07/2004</td>
<td>140</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>12/24/2003</td>
<td>0</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td></td>
</tr>
</tbody>
</table>
### Final Position Report

The Final Position Report shows detailed position information including Total Requirement, Total Maintained, Gross Position and Net Position.

<table>
<thead>
<tr>
<th>POSITION - FINAL DIRECT</th>
<th>MAINTENANCE PERIOD 03/31/2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserve Requirement</td>
<td>706</td>
</tr>
<tr>
<td>Clearing Balance Requirement</td>
<td>150</td>
</tr>
<tr>
<td><strong>Total Requirement</strong></td>
<td><strong>856</strong></td>
</tr>
<tr>
<td>Usable Vault Cash</td>
<td>235</td>
</tr>
<tr>
<td>Account Balances</td>
<td>494</td>
</tr>
<tr>
<td>As-of Adjustments</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Maintained</strong></td>
<td><strong>729</strong></td>
</tr>
<tr>
<td><strong>Gross Position</strong></td>
<td><strong>-127</strong></td>
</tr>
<tr>
<td>Carry-Over from Prior Period</td>
<td>0</td>
</tr>
<tr>
<td>Clearing Balance Allowance</td>
<td>-25</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>-102</strong></td>
</tr>
<tr>
<td>Allowable Carry-Over to Next Period</td>
<td>-25</td>
</tr>
<tr>
<td>Carry-Over Offset in Next Period</td>
<td>-25</td>
</tr>
<tr>
<td><strong>Net Position</strong></td>
<td><strong>-77</strong></td>
</tr>
</tbody>
</table>

The following deficiency charge was assessed on 05/19/2004:
- Clearing Balance Deficiency Charge Calculated @ 2.0%: 23.01
- Clearing Balance Deficiency Charge Calculated @ 4.0%: 72.11
Key Points

• Access ReserveCalc anytime for report information
• View reserve requirement on-line (no need to wait for scheduled reports)
• Use the Balance Calculator to calculate target balances
• Drill down for information
• Point and click for information
• Includes on-line Help Features (explains terminology and calculations)
Visit ReserveCalc on the Reporting and Reserves Website at:  
www.reportingandreserves.org

For more information on an existing EUAC, or how to designate a EUAC at your institution, please contact the Customer Contact Center (CCC) at (816) 881-2698. You can send your completed subscriber forms via fax to (800) 485-6089, or email to kc.csc@kc.frb.org. The original EUAC form should be sent via mail to:

Customer Contact Center  
P.O. Box 219416  
Kansas City, MO 64121-9416

Questions regarding ReserveCalc? Contact Eartha Collins, District Coordinator, at: (212) 720-5993