

# REGULATORY ALERT

NATIONAL CREDIT UNION ADMINISTRATION  
1775 DUKE STREET, ALEXANDRIA, VA 22314

**DATE:** October 2009 **NO:** 09-RA-12

**TO:** All Federally-Insured Credit Unions

**SUBJ:** Regulation D Amendments

Dear Board of Directors:

The Board of Governors of the Federal Reserve System (The Board) recently announced amendments to Regulation D. These amendments reflect the annual indexing of the reserve requirement amounts for 2010.

Regulation D mandates that all depository institutions hold a percentage of certain types of deposits as reserves in the form of vault cash, as a deposit in a Federal Reserve Bank, or as a deposit in a pass-through account at a correspondent institution. Reserve requirements currently are assessed on the credit union's net transaction accounts (mostly share draft accounts). Credit unions must also regularly submit deposit reports of their deposits and other reservable liabilities.

A brief discussion of the terms and the amendments to this regulation is provided below.

## **Reservable Liabilities**

Reservable liabilities consist of net transaction accounts, non-personal time deposits and Eurocurrency liabilities.

## **Net transaction accounts**

Total transaction accounts consist of demand deposits, automatic transfer service accounts, NOW accounts, share draft accounts, telephone or preauthorized transfer accounts, and obligations issued by affiliates maturing in seven days or less. Net transaction accounts are total transaction accounts less amounts due from other depository institutions and less cash items in the process of collection.

### **Reserve requirements**

Transaction account balances maintained at each credit union are subject to reserve requirement ratios of zero, three or ten percent.

- A zero percent reserve requirement applies to credit unions with total reservable liabilities that do not exceed the “reserve requirement exemption amount.” For net transaction accounts in 2010, the first \$10.7 million will be exempt from reserve requirements.
- A three percent reserve requirement will be assessed on net transaction accounts over \$10.7 million up to and including \$55.2 million for 2010.
- A ten percent reserve requirement will be assessed on net transaction accounts in excess of \$55.2 million.

The Board also announced changes in two other amounts, the nonexempt deposit cutoff level and the reduced reporting limit that are used to determine the frequency with which credit unions must submit deposit reports. The calculation periods and deposit cut-off levels for reporting are addressed at the Federal Reserve Board’s website at:

<http://federalreserve.gov/newsevents/press/bcreg/bcreg20091009a1.pdf>.

Should you have questions about the adjustments to Regulation D, please do not hesitate to contact your regional office or state supervisory authority.

Sincerely,

/s/

Debbie Matz  
Chairman