

Deletion of the Six Convenient Transfer Limit in Regulation D and Reporting Changes to the FR 2900 Series

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Goals of Today's Session

- **Provide information in the following four areas:**
 - Background on the six convenient transfer limit (“six transfer limit”) in Regulation D of “savings deposit”
 - The rationale and timing of the deletion of this limit in April 2020
 - Implications of this change for reporting on the FR 2900
 - Resources you can access for more information
- **Answer your questions**

Background on Six Transfer Limit

- Section 19 of the Federal Reserve Act (Act) requires the Board to impose reserve requirements on certain types of deposits and other liabilities of depository institutions within ratios specified in the Act
 - The Board's Regulation D implements section 19 of the Act
- Regulation D historically distinguished between reservable "transaction accounts" and non-reservable "savings deposits" based on the ease with which the depositor could make transfers or withdrawals from the account
 - The "savings deposit" definition limited the number of certain convenient kinds of transfers or withdrawals that an account holder may make from a "savings deposit" to not more than six per month (six transfer limit)
 - E.g., preauthorized or automatic, ACH, telephone, fax, online, check, or debit card transfers or withdrawals

FOMC Communicates Intention to Implement Monetary Policy in Ample Reserves Regime

- In January 2019, the Federal Open Market Committee communicated its intention to continue implementing monetary policy in a regime with an ample supply of reserves.
- Reserve requirements do not play a role in this operating framework.

Press Release

January 30, 2019

Statement Regarding Monetary Policy Implementation and Balance Sheet Normalization

For release at 2:00 p.m. EST

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After extensive deliberations and thorough review of experience to date, the Committee judges that it is appropriate at this time to provide additional information regarding its plans to implement monetary policy over the longer run. Additionally, the Committee is revising its earlier guidance regarding the conditions under which it could adjust the details of its balance sheet normalization program. Accordingly, all participants agreed to the following:

Source: <https://www.federalreserve.gov/newsevents/pressreleases/monetary20190130c.htm>

Reserve Requirement Ratios Reduced to Zero

- Effective March 26, 2020, the Board reduced reserve requirement ratios on transaction accounts to zero.

Press Release

April 24, 2020

Federal Reserve Board announces interim final rule to delete the six-per-month limit on convenient transfers from the "savings deposit" definition in Regulation D

For release at 10:00 a.m. EDT

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The Federal Reserve Board on Friday announced an interim final rule to amend Regulation D (Reserve Requirements of Depository Institutions) to delete the six-per-month limit on convenient transfers from the "savings deposit" definition. The interim final rule allows depository institutions immediately to suspend enforcement of the six transfer limit and to allow their customers to make an unlimited number of convenient transfers and withdrawals from their savings deposits at a time when financial events associated with the coronavirus pandemic have made such access more urgent.

Source: <https://www.federalreserve.gov/newsevents/pressreleases/monetary20200315b.htm>

Six Transfer Limit Deleted from Regulation D

- Effective April 24, 2020, the Board issued an interim final rule deleting the six transfer limit from the Regulation D definition of “savings deposit.”
- Under the interim final rule, a depository institution is permitted, but not required, to stop enforcing the six transfer limit on “savings deposits.”
- Savings deposits must retain “reservation of right.”

Press Release

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Source: <https://www.federalreserve.gov/newsevents/pressreleases/bcreg20200424a.htm>

Changes to FR 2900 Reporting Instructions

- In connection with the deletion of the six transfer limit from the Regulation D definition of “savings deposit,” the Board revised the instructions to the FR 2900 and FR 2910a deposit reports.
- Specifically, the Board revised the FR 2900 and FR 2910a instructions to delete any reference to a numeric limit on transfers or withdrawals from the definition of “savings deposit” in the instructions.

Board of Governors of the Federal Reserve System



Instructions for Preparation of

Report of Transaction Accounts, Other Deposits, and Vault Cash

Reporting Form FR 2900

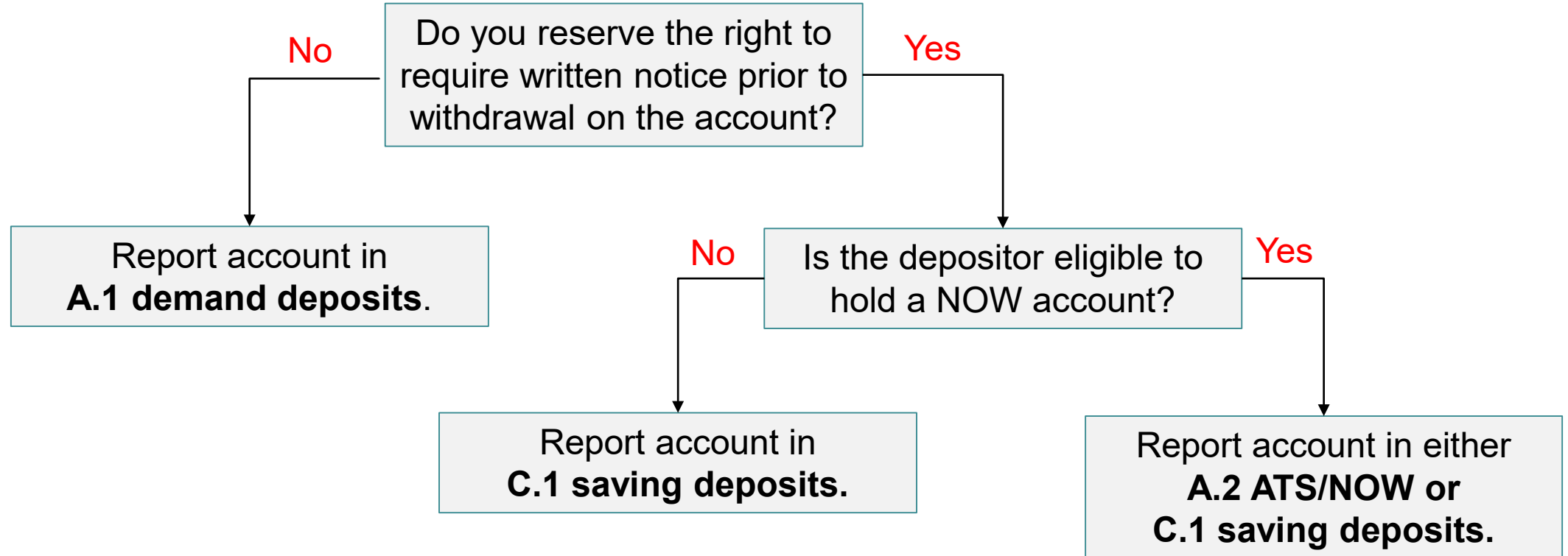
Note: Report forms and instructions can be found at
<https://www.federalreserve.gov/apps/reportforms/default.aspx>

Changes to FR 2900 Reporting Instructions (continued)

- Under the revised instructions, a depository institution that chooses to stop enforcing the six transfer limit on a “savings deposit” may either:
 - Continue to report a deposit as a “savings deposit,” or
 - Report the deposit as a “transaction account”
- Later this year, the Board will publish a proposal to renew the FR 2900 and several associated reports for the next three years in the Federal Register.
- As part of this process, the revisions made to the reporting instructions in the interim final rule will become permanent.
 - The interim final rule described the revisions as “temporary”, because they became effective prior to the official report renewal process.

Changes to FR 2900 Reporting Instructions (continued)

- A few key questions can help determine where to report accounts classified as savings deposits prior to the Regulation D amendments.



Changes to FR 2900 Reporting Instructions (continued)

Example 1

- An institution that previously reported accounts as C.1 savings deposits on the FR 2900 (and has retained the “reservation of right” on these accounts) would now, following the changes to Regulation D, prefer to report these as transaction accounts. Is this permitted?
- Yes, if the depositor is eligible to maintain a NOW account (e.g., individuals; nonprofits operated for religious, philanthropic, charitable, educational, political, or other similar purposes; or governmental units).
- No, if the depositor is not eligible to maintain a NOW account—in this case, the deposits must be reported as C.1 savings deposits.

Changes to FR 2900 Reporting Instructions (continued)

Example 2

- An institution chooses to continue to enforce a six transfer limit on accounts that it has reported in the past as “savings deposits.” The institution would like to report these accounts as A.1 demand deposits on the FR 2900. Is this permitted?
- No. Demand deposits are defined to be payable on demand and may not have any restrictions on transfers or withdrawals from the account. Accounts with any limitation on transfers or withdrawals (including accounts on which the institution has “reservation of right”) cannot be reported in A.1 demand deposits.

Changes to FR 2900 Reporting Instructions (continued)

Example 3

- An institution that previously reported its NOW accounts as A.2 ATS/NOW on the FR 2900 would now, following the changes to Regulation D, prefer to report these accounts as C.1 savings deposits. Is this permitted?
- Yes. Both NOW account and savings deposits are defined to require the “reservation of right” in their account agreements. Accordingly, an institution could shift their A.2 ATS/NOW balances having a “reservation of right” to C.1 savings deposits.

Additional Information is Available in FAQs

<https://www.federalreserve.gov/supervisionreg/savings-deposits-frequently-asked-questions.htm>

The screenshot shows the official website of the Board of Governors of the Federal Reserve System. The header features the organization's name and a descriptive tagline. A navigation bar includes links to various sections, with 'Supervision & Regulation' highlighted. Below the navigation bar, a breadcrumb trail indicates the current location: 'Home > Supervision & Regulation > Regulations'. The main heading is 'Regulations', followed by the specific topic 'Savings Deposits Frequently Asked Questions'. The first question listed is '1. What is the definition of a "savings deposit" in Regulation D?'. The answer begins with 'A "savings deposit" is a deposit or account, such as an account commonly known as a passbook savings account, a statement savings account, or as a money market deposit account (MMDA), that otherwise meets the requirements of §204.2(d)(4) and from which

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Regulations

Savings Deposits Frequently Asked Questions

- 1. What is the definition of a "savings deposit" in Regulation D?**

A "savings deposit" is a deposit or account, such as an account commonly known as a passbook savings account, a statement savings account, or as a money market deposit account (MMDA), that otherwise meets the requirements of §204.2(d)(4) and from which

References

- **Regulation D and Interim Final Rules (IFR)**

- Regulation D:

https://www.ecfr.gov/cgi-bin/text-idx?SID=6db0a03afe948173f13776457500aa30&mc=true&node=se12.2.204_12&rgn=div8

- IFR deleting six transfer limit:

<https://www.federalregister.gov/documents/2020/04/28/2020-09044/regulation-d-reserve-requirements-of-depository-institutions>

- IFR on elimination of reserve requirements:

<https://www.federalregister.gov/documents/2020/03/24/2020-05806/regulation-d-reserve-requirements-of-depository-institutions>

References (continued)

- **FR 2900 Report Form and Instructions**

- https://www.federalreserve.gov/reportforms/forms/FR_2900cb20200501_f.pdf
- https://www.federalreserve.gov/reportforms/forms/FR_2900cb20200501_i.pdf

- **FAQs**

- <https://www.federalreserve.gov/supervisionreg/savings-deposits-frequently-asked-questions.htm>
- <https://frbervices.org/resources/central-bank/faq/reserve-account-admin-app.html>

- **Press releases**

- <https://www.federalreserve.gov/newsevents/pressreleases/files/bcreg20200424a2.pdf>
- <https://www.federalreserve.gov/newsevents/pressreleases/monetary20200315b.htm>
- <https://www.federalreserve.gov/newsevents/pressreleases/monetary20190130c.htm>

Thank You for Submitting Questions

- ***Will reserve requirements and the six convenient transfer limit be re-imposed after the passing of the COVID-19 crisis? Are the recent amendments to Regulation D temporary or permanent?***
- ***Is this a permanent change? Are depository institutions advised to alter their deposit agreements and Truth in Savings Act (TISA) disclosures to reflect this change?***
- ***Why is the rule amending Regulation D called “interim”? Can depository institutions stop enforcing the six convenient transfer limit immediately or do they need to wait for a “final” rulemaking?***
- ***Do the recent amendments to Regulation D affect the determination of an institution’s FR 2900 reporting frequency?***

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Thanks for joining us.

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