

## **Regulation D: Additional Board Legal Interpretation Letters (Links to BOG)**

2007

Summary of previously issued Board staff guidance relating to the requirements for a retail sweep program under the Board's Regulation D (Reserve Requirements of Depository Institutions, 12 CFR Part 204).

<http://www.federalreserve.gov/boarddocs/legalint/FederalReserveAct/2007/20070501/20070501.pdf>

2006

Letter to Justin McClinton, Tennessee Department of Financial Institutions, clarifying whether a single member limited liability company (SMLLCs) may maintain a NOW account under Regulation D (12 CFR Part 204).

<http://www.federalreserve.gov/boarddocs/legalint/FederalReserveAct/2006/20060823/20060823.pdf>

2004

Letter to American Securitization Forum in response to an inquiry regarding the characterization under the Board's Regulation D (Reserve Requirements of Depository Institutions, 12 CFR Part 204) and Regulation Q (Prohibition Against Payment of Interest on Demand Deposits, 12 CFR Part 217) of certain liabilities of asset-backed commercial paper conduits sponsored by depository institutions following the issuance of Interpretation No. 46, "Consolidation of Variable Interest Entities" (FIN 46), by the Financial Accounting Standards Board. The letter expresses staff's opinion that such liabilities would not be "deposits" or otherwise reservable liabilities of the sponsoring depository institution for purposes of Regulation D and also would not be "demand deposits" for purposes of Regulation Q.

<http://www.federalreserve.gov/boarddocs/legalint/FederalReserveAct/2004/20040126/>

1999

To Peoples Bank stating that staff would not consider a sweep account arrangement to be in violation of Regulation D, 12 CFR 204. The Bank proposes to establish for large commercial customers a high minimum balance non-interest-bearing transaction account ("DDA") and an interest-bearing money market deposit account ("MMDA"), and would sweep all funds in excess of a set threshold from the DDA into the MMDA and vice versa. No check writing privileges would be offered, and daily sweeps could occur from the DDA to the MMDA, but sweeps from the MMDA to the DDA would be limited to six per statement cycle. In the event that excessive debits are noted on a particular sweep account, the Bank would either close the account or raise the high threshold amount to a level that would ensure compliance with the limitation.

<http://www.federalreserve.gov/boarddocs/legalint/FederalReserveAct/1999/19991102/>

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To TCF National Bank Minnesota, regarding the use of currency in ATM machines in Illinois as vault cash for purposes of Regulation D, 12 CFR 204.(k)(1). For ATM currency to be counted as vault cash, it must be "reasonably nearby." Under the Bank's cash retrieval plan, fourteen routes will be deployed to retrieve the cash from ATMs in Illinois, consolidate it in one city in Illinois, and then truck it 400 miles to the Bank in Minnesota. The estimated time for retrieval is approximately 20 hours, and staff does not believe that this cash can be considered "reasonably nearby."

<http://www.federalreserve.gov/boarddocs/legalint/FederalReserveAct/1999/19990318/>

1997

To Ms. Caren Seaman regarding transfers from a savings account of one depositor to make payments on a loan of a different depositor held at the same depository institution. Staff concluded that such an arrangement is not exempt from the six-transfer limit under Regulation D, 12 CFR 204.2(d)(2).

<http://www.federalreserve.gov/boarddocs/legalint/FederalReserveAct/1997/19970821/>

1997 (continued)

To a corporation proposing to open savings accounts in its name as agent for its depositors where each account would not exceed \$100,000 and transfers would be made through ACH operators at a separate depository institution where the corporation's transaction accounts are located. Because the transfers would not be made from the savings account to another account of the depositor at the same institution, they would be subject to the six-transfer limit under Regulation D, 12 CFR 204.2(d)(2).

<http://www.federalreserve.gov/boarddocs/legalint/FederalReserveAct/1997/19970820/>

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To Mr. John Hutchinson regarding ACH debits that reverse previous deposits of credit card sales drafts, in order to correct errors. Staff concluded that these debits are analogous to returned checks and should not count against the six-transfer limit on savings accounts in Regulation D, 12 CFR 204.2(d)(2).

<http://www.federalreserve.gov/boarddocs/legalint/FederalReserveAct/1997/19970819/>

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Discusses the distinction between transaction accounts and savings accounts for reserve requirements under section 19 of the Federal Reserve Act (12 USC 461(b)), and the limitations on transfers and withdrawals from savings accounts under Regulation D. (12 CFR 204.2)

<http://www.federalreserve.gov/boarddocs/legalint/FederalReserveAct/1997/19970320/>

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To the CFTC concerning the status of overnight deposits in foreign branches of domestic banks for purposes of the statutory prohibition against payment of interest on demand deposits (12 USC 371a) and Regulation Q (12 CFR 217).

<http://www.federalreserve.gov/boarddocs/legalint/FederalReserveAct/1997/19970403/>

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To Mr. Chip Trimmier regarding limitations on the number of transfers and withdrawals from savings accounts under Regulation D. (12 CFR 204.2)

<http://www.federalreserve.gov/boarddocs/legalint/FederalReserveAct/1997/19970121/>

1996

To Electronic Data Systems concerning limitations under Regulation D (12 CFR 204) on payments from a savings account to a third party made pursuant to instructions given telephonically or through an ATM. 12 USC 461

<http://www.federalreserve.gov/boarddocs/legalint/FederalReserveAct/1996/19961101/>

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To Electronic Data Systems regarding limitations under Regulation D (12 CFR 204) on the number of transfers and withdrawals from savings accounts. 12 U.S.C. 461

<http://www.federalreserve.gov/boarddocs/legalint/FederalReserveAct/1996/19960904/>

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To Mr. Russell Dawn concerning the Regulation D (12 CFR 204) implications of a proposed new deposit product for corporate customers, consisting of a non-interest bearing demand deposit account, an interest bearing savings account, and a line of credit providing overdraft protections for the demand deposit account.

<http://www.federalreserve.gov/boarddocs/legalint/FederalReserveAct/1996/19960830/>

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To Mr. Mark Gillett concerning a proposal to use checks drawn by a savings bank to extend a line of credit to a customer, and whether they are reservable under Regulation D (12 CFR 204).

<http://www.federalreserve.gov/boarddocs/legalint/FederalReserveAct/1996/19960703/>

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To Federal Reserve Bank of Cleveland regarding sweeps of certified and official checks into money market deposit accounts under Regulation D (12 CFR 204).

<http://www.federalreserve.gov/boarddocs/legalint/FederalReserveAct/1996/19960429/>

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To Mr. Russell Dawn applying the restrictions of Regulation D (12 CFR 204) and Regulation Q (12 CFR 217) to a product consisting of a non-interest bearing demand deposit account, and interest bearing savings account, and a line of credit providing overdraft protection for the demand deposit.

<http://www.federalreserve.gov/boarddocs/legalint/FederalReserveAct/1996/19960124/>