

TITLE 12 - BANKS AND BANKING
CHAPTER 3 - FEDERAL RESERVE SYSTEM
SUBCHAPTER XIV - BANK RESERVES

§ 461. Reserve requirements

(a) Establishment of applicable definitions, payment of interest, obligations as deposits, and regulations

The Board is authorized for the purposes of this section¹ to define the terms used in this section,¹ to determine what shall be deemed a payment of interest, to determine what types of obligations, whether issued directly by a member bank or indirectly by an affiliate of a member bank or by other means, and, regardless of the use of the proceeds, shall be deemed a deposit, and to prescribe such regulations as it may deem necessary to effectuate the purposes of this section¹ and to prevent evasions thereof.

(b) Additional definitions; required amounts of reserves maintained against transaction accounts; waiver of ratio limits in extraordinary circumstances; supplemental reserves; reserves related to foreign obligations or assets; exemption for certain deposits; discount and borrowing; transitional adjustments; additional exemptions and waivers; earnings on balances

(1) The following definitions and rules apply to this subsection, subsection (c) of this section, and sections 248–1, 248a, 342, 360, and 412 of this title:

(A) The term “depository institution” means—

- (i)** any insured bank as defined in section 3 of the Federal Deposit Insurance Act [12 U.S.C. 1813] or any bank which is eligible to make application to become an insured bank under section 5 of such Act [12 U.S.C. 1815];
- (ii)** any mutual savings bank as defined in section 3 of the Federal Deposit Insurance Act or any bank which is eligible to make application to become an insured bank under section 5 of such Act;
- (iii)** any savings bank as defined in section 3 of the Federal Deposit Insurance Act or any bank which is eligible to make application to become an insured bank under section 5 of such Act;
- (iv)** any insured credit union as defined in section 1752 of this title or any credit union which is eligible to make application to become an insured credit union pursuant to section 1781 of this title;
- (v)** any member as defined in section 1422 of this title;
- (vi)** any savings association (as defined in section 3 of the Federal Deposit Insurance Act [12 U.S.C. 1813]) which is an insured depository institution (as defined in such Act [12 U.S.C. 1811 et seq.]) or is eligible to apply to become an insured depository institution under the Federal Deposit Insurance Act; and
- (vii)** for the purpose of sections 248–1, 342 to 347, 347c, 347d, and 372 of this title, any association or entity which is wholly owned by or which consists only of institutions referred to in clauses (i) through (vi).

(B) The term “bank” means any insured or noninsured bank, as defined in section 3 of the Federal Deposit Insurance Act [12 U.S.C. 1813], other than a mutual savings bank or a savings bank as defined in such section.

(C) The term “transaction account” means a deposit or account on which the depositor or account holder is permitted to make withdrawals by negotiable or transferable instrument, payment orders of withdrawal, telephone transfers, or other similar items for the purpose of making payments or transfers to third persons or others. Such term includes demand deposits, negotiable order of withdrawal accounts, savings deposits subject to automatic transfers, and share draft accounts.

- (D)** The term “nonpersonal time deposits” means a transferable time deposit or account or a time deposit or account representing funds deposited to the credit of, or in which any beneficial interest is held by, a depositor who is not a natural person.
- (E)** The term “reservable liabilities” means transaction accounts, nonpersonal time deposits, and all net balances, loans, assets, and obligations which are, or may be, subject to reserve requirements under paragraph (5).
- (F)** In order to prevent evasions of the reserve requirements imposed by this subsection, after consultation with the Board of Directors of the Federal Deposit Insurance Corporation, the Director of the Office of Thrift Supervision, and the National Credit Union Administration Board, the Board of Governors of the Federal Reserve System is authorized to determine, by regulation or order, that an account or deposit is a transaction account if such account or deposit may be used to provide funds directly or indirectly for the purpose of making payments or transfers to third persons or others.
- (2)** **(A)** Each depository institution shall maintain reserves against its transaction accounts as the Board may prescribe by regulation solely for the purpose of implementing monetary policy—
- (i)** in a ratio of not greater than 3 percent (and which may be zero) for that portion of its total transaction accounts of \$25,000,000 or less, subject to subparagraph (C); and
 - (ii)** in the ratio of 12 per centum, or in such other ratio as the Board may prescribe not greater than 14 per centum (and which may be zero), for that portion of its total transaction accounts in excess of \$25,000,000, subject to subparagraph (C).
- (B)** Each depository institution shall maintain reserves against its nonpersonal time deposits in the ratio of 3 per centum, or in such other ratio not greater than 9 per centum and not less than zero per centum as the Board may prescribe by regulation solely for the purpose of implementing monetary policy.
- (C)** Beginning in 1981, not later than December 31 of each year the Board shall issue a regulation increasing for the next succeeding calendar year the dollar amount which is contained in subparagraph (A) or which was last determined pursuant to this subparagraph for the purpose of subparagraph, by an amount obtained by multiplying such dollar amount by 80 per centum of the percentage increase in the total transaction accounts of all depository institutions. The increase in such transaction accounts shall be determined by subtracting the amount of such accounts on June 30 of the preceding calendar year from the amount of such accounts on June 30 of the calendar year involved. In the case of any such 12-month period in which there has been a decrease in the total transaction accounts of all depository institutions, the Board shall issue such a regulation decreasing for the next succeeding calendar year such dollar amount by an amount obtained by multiplying such dollar amount by 80 per centum of the percentage decrease in the total transaction accounts of all depository institutions. The decrease in such transaction accounts shall be determined by subtracting the amount of such accounts on June 30 of the calendar year involved from the amount of such accounts on June 30 of the previous calendar year.
- (D)** Any reserve requirement imposed under this subsection shall be uniformly applied to all transaction accounts at all depository institutions. Reserve requirements imposed under this subsection shall be uniformly applied to nonpersonal time deposits at all depository institutions, except that such requirements may vary by the maturity of such deposits.
- (3)** Upon a finding by at least 5 members of the Board that extraordinary circumstances require such action, the Board, after consultation with the appropriate committees of the Congress, may impose, with respect to any liability of depository institutions, reserve requirements outside the limitations as to ratios and as to types of liabilities otherwise prescribed by paragraph (2) for a period not exceeding 180 days, and for further periods not exceeding 180 days each by affirmative action by at least 5 members of the Board in each instance. The Board shall promptly transmit

to the Congress a report of any exercise of its authority under this paragraph and the reasons for such exercise of authority.

- (4)** **(A)** The Board may, upon the affirmative vote of not less than 5 members, impose a supplemental reserve requirement on every depository institution of not more than 4 per centum of its total transaction accounts. Such supplemental reserve requirement may be imposed only if—
- (i)** the sole purpose of such requirement is to increase the amount of reserves maintained to a level essential for the conduct of monetary policy;
 - (ii)** such requirement is not imposed for the purpose of reducing the cost burdens resulting from the imposition of the reserve requirements pursuant to paragraph (2);
 - (iii)** such requirement is not imposed for the purpose of increasing the amount of balances needed for clearing purposes; and
 - (iv)** on the date on which the supplemental reserve requirement is imposed, except as provided in paragraph (11), the total amount of reserves required pursuant to paragraph (2) is not less than the amount of reserves that would be required if the initial ratios specified in paragraph (2) were in effect.
- (B)** The Board may require the supplemental reserve authorized under subparagraph (A) only after consultation with the Board of Directors of the Federal Deposit Insurance Corporation, the Director of the Office of Thrift Supervision, and the National Credit Union Administration Board. The Board shall promptly transmit to the Congress a report with respect to any exercise of its authority to require supplemental reserves under subparagraph (A) and such report shall state the basis for the determination to exercise such authority.
- (C)** If a supplemental reserve under subparagraph (A) has been required of depository institutions for a period of one year or more, the Board shall review and determine the need for continued maintenance of supplemental reserves and shall transmit annual reports to the Congress regarding the need, if any, for continuing the supplemental reserve.
- (D)** Any supplemental reserve imposed under subparagraph (A) shall terminate at the close of the first 90-day period after such requirement is imposed during which the average amount of reserves required under paragraph (2) are less than the amount of reserves which would be required during such period if the initial ratios specified in paragraph (2) were in effect.
- (5)** Foreign branches, subsidiaries, and international banking facilities of nonmember depository institutions shall maintain reserves to the same extent required by the Board of foreign branches, subsidiaries, and international banking facilities of member banks. In addition to any reserves otherwise required to be maintained pursuant to this subsection, any depository institution shall maintain reserves in such ratios as the Board may prescribe against—
- (A)** net balances owed by domestic offices of such depository institution in the United States to its directly related foreign offices and to foreign offices of nonrelated depository institutions;
 - (B)** loans to United States residents made by overseas offices of such depository institution if such depository institution has one or more offices in the United States; and
 - (C)** assets (including participations) held by foreign offices of a depository institution in the United States which were acquired from its domestic offices.
- (6)** The requirements imposed under paragraph (2) shall not apply to deposits payable only outside the States of the United States and the District of Columbia, except that nothing in this subsection limits the authority of the Board to impose conditions and requirements on member banks under section 25 of this Act [12 U.S.C. 601 et seq.] or the authority of the Board under section 3105 of this title.
- (7)** Any depository institution in which transaction accounts or nonpersonal time deposits are held shall be entitled to the same discount and borrowing privileges as member banks. In the

administration of discount and borrowing privileges, the Board and the Federal Reserve banks shall take into consideration the special needs of savings and other depository institutions for access to discount and borrowing facilities consistent with their long-term asset portfolios and the sensitivity of such institutions to trends in the national money markets.

(8) (A) Any depository institution required to maintain reserves under this subsection which was engaged in business on July 1, 1979, but was not a member of the Federal Reserve System on or after that date, shall maintain reserves against its deposits during the first twelve-month period following the effective date of this paragraph in amounts equal to one-eighth of those otherwise required by this subsection, during the second such twelve-month period in amounts equal to one-fourth of those otherwise required, during the third such twelve-month period in amounts equal to three-eighths of those otherwise required, during the fourth twelve-month period in amounts equal to one-half of those otherwise required, and during the fifth twelve-month period in amounts equal to five-eighths of those otherwise required, during the sixth twelve-month period in amounts equal to three-fourths of those otherwise required, and during the seventh twelve-month period in amounts equal to seven-eighths of those otherwise required. This subparagraph does not apply to any category of deposits or accounts which are first authorized pursuant to Federal law in any State after April 1, 1980.

(B) With respect to any bank which was a member of the Federal Reserve System during the entire period beginning on July 1, 1979, and ending on the effective date of the Monetary Control Act of 1980, the amount of required reserves imposed pursuant to this subsection on and after the effective date of such Act that exceeds the amount of reserves which would have been required of such bank if the reserve ratios in effect during the reserve computation period immediately preceding such effective date were applied may, at the discretion of the Board and in accordance with such rules and regulations as it may adopt, be reduced by 75 per centum during the first year which begins after such effective date, 50 per centum during the second year, and 25 per centum during the third year.

(C) (i) With respect to any bank which is a member of the Federal Reserve System on the effective date of the Monetary Control Act of 1980, the amount of reserves which would have been required of such bank if the reserve ratios in effect during the reserve computation period immediately preceding such effective date were applied that exceeds the amount of required reserves imposed pursuant to this subsection shall, in accordance with such rules and regulations as the Board may adopt, be reduced by 25 per centum during the first year which begins after such effective date, 50 per centum during the second year, and 75 per centum during the third year.

(ii) If a bank becomes a member bank during the four-year period beginning on the effective date of the Monetary Control Act of 1980, and if the amount of reserves which would have been required of such bank determined as if the reserve ratios in effect during the reserve computation period immediately preceding such effective date were applied, and as if such bank had been a member during such period, exceeds the amount of reserves required pursuant to this subsection, the amount of reserves required to be maintained by such bank beginning on the date on which such bank becomes a member of the Federal Reserve System shall be the amount of reserves which would have been required of such bank if it had been a member on the day before such effective date, except that the amount of such excess shall, in accordance with such rules and regulations as the Board may adopt, be reduced by 25 per centum during the first year which begins after such effective date, 50 per centum during the second year, and 75 per centum during the third year.

(D) (i) Any bank which was a member bank on July 1, 1979, and which withdrew from membership in the Federal Reserve System during the period beginning July 1, 1979, and ending on March 31, 1980, shall maintain reserves during the first twelve-month

period beginning on October 15, 1982, in amounts equal to one-half of those otherwise required by this subsection, during the second such twelve-month period in amounts equal to two-thirds of those otherwise required, and during the third such twelve-month period in amounts equal to five-sixths of those otherwise required.

(ii) Any bank which withdraws from membership in the Federal Reserve System after March 31, 1980, shall maintain reserves in the same amount as member banks are required to maintain under this subsection, pursuant to subparagraphs (B) and (C)(i).

(E) This subparagraph applies to any depository institution that, on August 1, 1978,

(i) was engaged in business as a depository institution in a State outside the continental limits of the United States, and

(ii) was not a member of the Federal Reserve System at any time on or after such date. Such a depository institution shall not be required to maintain reserves against its deposits held or maintained at its offices located in a State outside the continental limits of the United States until the first day of the sixth calendar year which begins after the effective date of the Monetary Control Act of 1980. Such a depository institution shall maintain reserves against such deposits during the sixth calendar year which begins after such effective date in an amount equal to one-eighth of that otherwise required by paragraph (2), during the seventh such year in an amount equal to one-fourth of that otherwise required, during the eighth such year in an amount equal to three-eighths of that otherwise required, during the ninth such year in an amount equal to one-half of that otherwise required, during the tenth such year in an amount equal to five-eighths of that otherwise required, during the eleventh such year in an amount equal to three-fourths of that otherwise required, and during the twelfth such year in an amount equal to seven-eighths of that otherwise required.

(9) This subsection shall not apply with respect to any financial institution which—

(A) is organized solely to do business with other financial institutions;

(B) is owned primarily by the financial institutions with which it does business; and

(C) does not do business with the general public.

(10) In individual cases, where a Federal supervisory authority waives a liquidity requirement, or waives the penalty for failing to satisfy a liquidity requirement, the Board shall waive the reserve requirement, or waive the penalty for failing to satisfy a reserve requirement, imposed pursuant to this subsection for the depository institution involved when requested by the Federal supervisory authority involved.

(11) (A) (i) Notwithstanding the reserve requirement ratios established under paragraphs (2) and (5) of this subsection, a reserve ratio of zero per centum shall apply to any combination of reservable liabilities, which do not exceed \$2,000,000 (as adjusted under subparagraph (B)), of each depository institution.

(ii) Each depository institution may designate, in accordance with such rules and regulations as the Board shall prescribe, the types and amounts of reservable liabilities to which the reserve ratio of zero per centum shall apply, except that transaction accounts which are designated to be subject to a reserve ratio of zero per centum shall be accounts which would otherwise be subject to a reserve ratio of 3 per centum under paragraph (2).

(iii) The Board shall minimize the reporting necessary to determine whether depository institutions have total reservable liabilities of less than \$2,000,000 (as adjusted under subparagraph (B)). Consistent with the Board's responsibility to monitor and control monetary and credit aggregates, depository institutions which have reserve requirements under this subsection equal to zero per centum shall be subject to less overall reporting requirements than depository institutions which have a reserve requirement under this subsection that exceeds zero per centum.

- (B) (i) Beginning in 1982, not later than December 31 of each year, the Board shall issue a regulation increasing for the next succeeding calendar year the dollar amount specified in subparagraph (A), as previously adjusted under this subparagraph, by an amount obtained by multiplying such dollar amount by 80 per centum of the percentage increase in the total reservable liabilities of all depository institutions.
- (ii) The increase in total reservable liabilities shall be determined by subtracting the amount of total reservable liabilities on June 30 of the preceding calendar year from the amount of total reservable liabilities on June 30 of the calendar year involved. In the case of any such twelve-month period in which there has been a decrease in the total reservable liabilities of all depository institutions, no adjustment shall be made. A decrease in total reservable liabilities shall be determined by subtracting the amount of total reservable liabilities on June 30 of the calendar year involved from the amount of total reservable liabilities on June 30 of the previous calendar year.

(12) Earnings on balances.—

(A) **In general.**— Balances maintained at a Federal Reserve bank by or on behalf of a depository institution may receive earnings to be paid by the Federal Reserve bank at least once each calendar quarter, at a rate or rates not to exceed the general level of short-term interest rates.

(B) **Regulations relating to payments and distributions.**— The Board may prescribe regulations concerning—

- (i) the payment of earnings in accordance with this paragraph;
- (ii) the distribution of such earnings to the depository institutions which maintain balances at such banks, or on whose behalf such balances are maintained; and
- (iii) the responsibilities of depository institutions, Federal Home Loan Banks, and the National Credit Union Administration Central Liquidity Facility with respect to the crediting and distribution of earnings attributable to balances maintained, in accordance with subsection (c)(1)(A), in a Federal Reserve bank by any such entity on behalf of depository institutions.

(C) **Depository institutions defined.**— For purposes of this paragraph, the term “depository institution”, in addition to the institutions described in paragraph (1)(A), includes any trust company, corporation organized under section 25A [12 U.S.C. 611 et seq.] or having an agreement with the Board under section 25 [12 U.S.C. 601 et seq.], or any branch or agency of a foreign bank (as defined in section 3101 of this title).

(c) Promulgation of rules and regulations respecting maintenance of balances

(1) Reserves held by a depository institution to meet the requirements imposed pursuant to subsection (b) of this section shall, subject to such rules and regulations as the Board shall prescribe, be in the form of—

(A) balances maintained for such purposes by such depository institution in the Federal Reserve bank of which it is a member or at which it maintains an account, except that

- (i) the Board may, by regulation or order, permit depository institutions to maintain all or a portion of their required reserves in the form of vault cash, except that any portion so permitted shall be identical for all depository institutions, and
- (ii) vault cash may be used to satisfy any supplemental reserve requirement imposed pursuant to subsection (b)(4) of this section, except that all such vault cash shall be excluded from any computation of earnings pursuant to subsection (b) of this section; and

(B) balances maintained by a depository institution in a depository institution which maintains required reserve balances at a Federal Reserve bank, in a Federal Home Loan Bank, or in the National Credit Union Administration Central Liquidity Facility, if such depository institution, Federal Home Loan Bank, or National Credit Union Administration

Central Liquidity Facility maintains such funds in the form of balances in a Federal Reserve bank of which it is a member or at which it maintains an account. Balances received by a depository institution from a second depository institution and used to satisfy the reserve requirement imposed on such second depository institution by this section shall not be subject to the reserve requirements of this section imposed on such first depository institution, and shall not be subject to assessments or reserves imposed on such first depository institution pursuant to section 7 of the Federal Deposit Insurance Act (12 U.S.C. 1817), section 404 of the National Housing Act (12 U.S.C. 1727),¹ or section 202 of the Federal Credit Union Act (12 U.S.C. 1782).

(2) The balances maintained to meet the reserve requirements of subsection (b) of this section by a depository institution in a Federal Reserve bank or passed through a Federal Home Loan Bank or the National Credit Union Administration Central Liquidity Facility or another depository institution to a Federal Reserve bank may be used to satisfy liquidity requirements which may be imposed under other provisions of Federal or State law.

Footnotes

¹ See References in Text note below.

(Dec. 23, 1913, ch. 6, § 19(a)–(c), formerly § 19 (pars.), 38 Stat. 270; June 21, 1917, ch. 32, § 10, 40 Stat. 239; Aug. 23, 1935, ch. 614, title III, § 324(a), 49 Stat. 714; renumbered § 19(a)–(c) and amended Pub. L. 89–597, § 2(a), Sept. 21, 1966, 80 Stat. 823; Pub. L. 91–151, title I, §§ 4(a), 5, Dec. 23, 1969, 83 Stat. 374, 375; Pub. L. 93–501, title I, § 101(a), Oct. 29, 1974, 88 Stat. 1557; Pub. L. 96–221, title I, §§ 103, 104 (a), Mar. 31, 1980, 94 Stat. 133, 138; Pub. L. 97–35, title III, § 385, Aug. 13, 1981, 95 Stat. 433; Pub. L. 97–320, title IV, § 411, title VII, § 708, Oct. 15, 1982, 96 Stat. 1520, 1540; Pub. L. 101–73, title VII, § 744(i)(2), (3), Aug. 9, 1989, 103 Stat. 439; Pub. L. 109–351, title II, §§ 201, 202, title VI, § 603, Oct. 13, 2006, 120 Stat. 1968, 1969, 1980.)

References in Text

This section, referred to in subsec. (a), means section 19 of act Dec. 23, 1913, as amended, which is classified to sections 142, 371a, 371b, 371b–1, 374, 374a, 461, 463 to 466, 505, and 506 of this title.

The Federal Deposit Insurance Act, referred to in subsec. (b)(1)(A)(vi), is act Sept. 21, 1950, ch. 967, § 2, 64 Stat. 873, as amended, which is classified generally to chapter 16 (§ 1811 et seq.) of this title. For complete classification of this Act to the Code, see Short Title note set out under section 1811 of this title and Tables.

Section 25 of this Act and section 25, referred to in subsec. (b)(6), (12)(C), mean section 25 of act Dec. 23, 1913, ch. 6, which is classified to subchapter I (§ 601 et seq.) of chapter 6 of this title.

For the effective date of the Monetary Control Act of 1980, referred to in subsec. (b)(8), see section 108 of Pub. L. 96–221, set out as an Effective Date of 1980 Amendment note under section 248 of this title.

Section 25A, referred to in subsec. (b)(12)(C), means section 25A of act Dec. 23, 1913, ch. 6, known as the Edge Act, which is classified to subchapter II (§ 611 et seq.) of chapter 6 of this title.

Section 404 of the National Housing Act (12 U.S.C. 1727), referred to in subsec. (c)(1)(B), was repealed by Pub. L. 101–73, title IV, § 407, Aug. 9, 1989, 103 Stat. 363.

Codification

Section is comprised of subsecs. (a) to (c), formerly first six pars., of section 19 of act Dec. 23, 1913 (such first, second through fifth, and sixth pars. formerly classified to sections 461, 462, and 462b of this title, respectively), as redesignated by Pub. L. 89–597. For credits prior to enactment of Pub. L. 89–597 on Sept. 21, 1966, see notes set out under sections 462 and 462b of this title.

Amendments

2006—Subsec. (b)(2)(A). Pub. L. 109–351, § 202, substituted “a ratio of not greater than 3 percent (and which may be zero)” for “the ratio of 3 per centum” in cl. (i) and “(and which may be zero),” for “and not less than 8 per centum,” in cl. (ii).

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Subsec. (b)(4)(C) to (E). Pub. L. 109–351, § 201(b)(1), redesignated subpars. (D) and (E) as (C) and (D), respectively, and struck out former subpar. (C) which read as follows: “The supplemental reserve authorized under subparagraph (A) shall be maintained by the Federal Reserve banks in an Earnings Participation Account. Except as provided in subsection (c)(1)(A)(ii) of this section, such Earnings Participation Account shall receive earnings to be paid by the Federal Reserve banks during each calendar quarter at a rate not more than the rate earned on the securities portfolio of the Federal Reserve System during the previous calendar quarter. The Board may prescribe rules and regulations concerning the payment of earnings on Earnings Participation Accounts by Federal Reserve banks under this paragraph.”

Subsec. (b)(12). Pub. L. 109–351, § 201(a), added par. (12).

Subsec. (c)(1)(A). Pub. L. 109–351, § 201(b)(2), substituted “subsection (b)” for “subsection (b)(4)(C)”.

Subsec. (c)(1)(B). Pub. L. 109–351, § 603, struck out “which is not a member bank” after “balances maintained by a depository institution”.

1989—Subsec. (b)(1)(A)(vi). Pub. L. 101–73, § 744(i)(2), amended cl. (vi) generally. Prior to amendment, cl. (vi) read as follows: “any insured institution as defined in section 1724 of this title or any institution which is eligible to make application to become an insured institution under section 1726 of this title; and”.

Subsec. (b)(1)(F), (4)(B). Pub. L. 101–73, § 744(i)(3), substituted “Director of the Office of Thrift Supervision” for “Federal Home Loan Bank Board”.

1982—Subsec. (b)(1)(E), (F). Pub. L. 97–320, § 411(c), added subpar. (E) and redesignated former subpar. (E) as (F).

Subsec. (b)(4)(A)(iv). Pub. L. 97–320, § 411(b), inserted “except as provided in paragraph (11)”.

Subsec. (b)(8)(D)(i). Pub. L. 97–320, § 708(1), substituted provisions relating to reserve requirements for banks which withdraw from the Federal Reserve System for provision that any bank which was a member bank on July 1, 1979, and which withdrew from membership in the Federal Reserve System during the period beginning on July 1, 1979, and ending on the day before March 31, 1980, would maintain reserves beginning on March 31, 1980, in an amount equal to the amount of reserves it would have been required to maintain if it had been a member bank on March 31, 1980, and that after March 31, 1980, any such bank was directed to maintain reserves in the same amounts as member banks were required to maintain under this subsection, pursuant to subparagraphs (B) and (C)(i).

Subsec. (b)(8)(D)(ii). Pub. L. 97–320, § 708(2), struck out “on or” after “Reserve System”.

Subsec. (b)(11). Pub. L. 97–320, § 411(a), added par. (11).

1981—Subsec. (b)(8)(E). Pub. L. 97–35 substituted provisions relating to applicability to any depository institution that was on Aug. 1, 1978, engaged in such business in a State outside the continental limits and was not a member of the Federal Reserve System at any time on or after such date, for provisions relating to applicability to any depository institution that was on Aug. 1, 1978, engaged in such business under the laws of a State, was not a member of the Federal Reserve System on that date, and the principal office of which was outside the continental limits on that date and has remained outside ever since.

1980—Subsec. (b). Pub. L. 96–221, § 103, substituted provisions setting forth additional definitions applicable to reserve requirements and requirements respecting amounts of reserves maintained against transaction accounts, waiver of ratio limits in extraordinary circumstances, supplemental reserves, reserves related to foreign obligations or assets, exemptions for certain deposits, discounts and borrowings, transitional adjustments, and additional exemptions and waivers, for provisions relating to determinations respecting maintenance of reserves against deposits.

Subsec. (c). Pub. L. 96–221, § 104(a), substituted provisions relating to the promulgation of rules and regulations respecting maintenance of balances, for provisions relating to form of reserves held by member banks.

1974—Subsec. (a). Pub. L. 93–501 substituted “and, regardless of the use of the proceeds, shall be deemed a deposit” for “shall be deemed a deposit”.

1969—Subsec. (a). Pub. L. 91–151, § 4(a), authorized Board to determine type of obligations that would be deemed deposits.

Subsec. (b). Pub. L. 91–151, § 5, authorized Board to prescribe ratio of indebtedness of member banks to foreign banks, up to a maximum of 22 percent.

1966—Pub. L. 89–597 designated first par. provisions of section 19 of act Dec. 23, 1913, as subsec. (a), substituted a general provision authorizing Board to define terms used in sections 142, 371a, 371b, 374, 374a, and 463 to 466 of this title for former provisions defining terms “demand deposits”, “gross demand deposits”, “deposits payable on demand”, “time deposits”, “savings deposits”, and “trust funds”, struck out inclusion of “savings deposits” in term “time deposits” in regard to reserve requirements of member banks, and added subsecs. (b) and (c) to such section 19, superseding second through sixth pars., which authorized Board to fix reserve requirements against time deposits

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between the limits of 3 and 10 percent, in lieu of prior limits of 3 and 6 percent, and struck out provision for modification of reserve requirements to prevent injurious credit to expansion or contraction.

1935—Act Aug. 23, 1935, abrogated statutory construction of demand deposits.

Effective Date of 2006 Amendment

Pub. L. 109–351, title II, § 203, Oct. 13, 2006, 120 Stat. 1969, as amended by Pub. L. 110–343, div. A, title I, § 128, Oct. 3, 2008, 122 Stat. 3796, provided that: “The amendments made by this title [amending this section] shall take effect October 1, 2008.”

Effective Date of 1980 Amendment

Amendment by Pub. L. 96–221 effective on first day of sixth month which begins after Mar. 31, 1980, except that the amendments regarding subsec. (b)(7) and (8)(D) effective on Mar. 31, 1980, see section 108 of Pub. L. 96–221, set out as a note under section 248 of this title.

Effective Date of 1974 Amendment

Section 101(b) of Pub. L. 93–501 provided that: “The amendment made by subsection (a) [amending this section] shall not apply to any bank holding company which has filed prior to the date of enactment of this Act [Oct. 29, 1974], an irrevocable declaration with the Board of Governors of the Federal Reserve System to divest itself of all of its banks under section 4 of the Bank Holding Company Act [12 U.S.C. 1843], or to any debt obligation which is an exempted security under section 3(a)(3) of the Securities Act of 1933 [15 U.S.C. 77c (a)(3)].”

Effective and Termination Dates of 1966 Amendment

Section 7 of Pub. L. 89–597, as amended by Pub. L. 90–87, Sept. 21, 1967, 81 Stat. 226; Pub. L. 90–505, § 1, Sept. 21, 1968, 82 Stat. 856; Pub. L. 91–71, Sept. 22, 1969, 83 Stat. 115; Pub. L. 91–151, title I, § 1, Dec. 23, 1969, 83 Stat. 371; Pub. L. 92–8, § 1, Mar. 31, 1971, 85 Stat. 13; Pub. L. 92–15, § 1, May 18, 1971, 85 Stat. 38; Pub. L. 93–63, July 6, 1973, 87 Stat. 147; Pub. L. 93–100, § 1, Aug. 16, 1973, 87 Stat. 342; Pub. L. 93–495, title I, § 107, Oct. 28, 1974, 88 Stat. 1505; Pub. L. 94–200, title I, § 101, Dec. 31, 1975, 89 Stat. 1124; Pub. L. 95–22, title I, § 101, Apr. 19, 1977, 91 Stat. 49; Pub. L. 95–188, title I, § 101, Nov. 16, 1977, 91 Stat. 1387; Pub. L. 95–630, title XVI, § 1601, Nov. 10, 1978, 92 Stat. 3713, which provided effective and termination dates for 1966 amendments by Pub. L. 89–597 (affecting sections 371b, 1425b, and 1828 (g) of this title), was repealed by section 207(a) of Pub. L. 96–221.

Elimination or Reduction of Interest Rate Differential Between Savings Banks and Savings and Loan, Building and Loan, or Homestead Associations

Pub. L. 94–200, title I, § 102, Dec. 31, 1975, 89 Stat. 1124, as amended by Pub. L. 95–630, title XVI, § 1602, Nov. 10, 1978, 92 Stat. 3713, which had provided that an interest rate differential for any category of deposits or accounts which was in effect on December 10, 1975, between (1) any bank (other than a savings bank) the deposits of which were insured by the Federal Deposit Insurance Corporation and (2) any savings and loan, building and loan, or homestead association (including cooperative banks) the deposits or accounts of which were insured by the Federal Savings and Loan Insurance Corporation or any mutual savings bank as defined in section 3(f) of the Federal Deposit Insurance Act (12 U.S.C. 1813 (j)) [section 1813 (f) of this title] could not be eliminated or reduced unless (A) written notification was given by the Board of Governors of the Federal Reserve System to the Congress; and (B) the House of Representatives and the Senate approved, by concurrent resolution, the proposed elimination or reduction of the interest rate differential, was repealed by Pub. L. 97–320, title III, § 326(a), Oct. 15, 1982, 96 Stat. 1500. See section 326 (b)–(d) of Pub. L. 97–320, set out as a note under section 1828 of this title. See, also, section 207(b)(1) of Pub. L. 96–221 providing for repeal of section 102 of Pub. L. 94–200 effective 6 years after Mar. 31, 1980.

Interest Rates: Controls

Section 1 of Pub. L. 89–597 provided that: “The Secretary of the Treasury, the Board of Governors of the Federal Reserve System, the Board of Directors of the Federal Deposit Insurance Corporation, and the Federal Home Loan Bank Board, in implementation of their respective powers under existing law and this Act [enacting section 1425b of this title, amending this section, sections 355, 371b, and 1828 of this title, and section 771 of former Title 31, Money and Finance, repealing section 462a–1 of this title and enacting provisions set out as notes under this section], shall take action to bring about the reduction of interest rates to the maximum extent feasible in the light of prevailing money market and general economic conditions.”

Effective and termination dates of control of interest rates provisions, see Effective and Termination Dates of 1966 Amendment note above.

NB: This unofficial compilation of the U.S. Code is current as of Jan. 8, 2008 (see <http://www.law.cornell.edu/uscode/uscpri.html>).

Outstanding Rate Regulations

Section 5 of Pub. L. 89-597 provided that: “Any regulation prescribed by the Board of Governors of the Federal Reserve System or the Board of Directors of the Federal Deposit Insurance Corporation with respect to the payment of deposits and interest thereon by member banks or insured nonmember banks which is in effect when this Act is enacted [Sept. 21, 1966] shall continue in effect unless and until it is modified or rescinded after consultation with the Board of Directors or the Board of Governors, as the case may be, and the Federal Home Loan Bank Board.”

Effective and termination dates of existing rate regulations, see Effective and Termination Dates of 1966 Amendment note under this section.