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MONETARY AND FINANCIAL REPORTING

Quarterly Deposit Reporting Period Is Here

By now, you should have received your quarterly notification via email. If you need help regarding this report, please call your report analyst. More information can be found at: www.dallasfed.org/banking/reporting/index.cfm under "What's New" Quarterly FR 2900 Letter.

Quarterly FR 2900 Reporters Report period:

Week ending,
Monday, December 26, 2016

Due date:

Close of business,
Tuesday, December 27, 2016

FR 2900 Seminars Have Concluded for 2016

Did you know that the Statistics Department of the Federal Reserve Bank of Dallas offers free deposit report seminars? These one-day events are full of essential information you need to know to accurately file your FR 2900 report.

Our 2017 FR 2900 Seminar schedule will be announced in our spring newsletter. This information will also be available when you visit www.dallasfed.org/banking/reporting/index.cfm under "FR 2900 Seminars." Remember, online registration will begin approximately eight weeks prior to the seminar date. An email reminder will be sent when registration opens. If you are not already on our mailing list, please contact us at FR2900Workshop@dal.frb.org or you can also contact your analyst to confirm that we have your current email address.

Important Information

The following link contains all the latest information you need to correctly file your FR 2900 report, www.dallasfed.org/banking/reporting/index.cfm. As always, if you have any questions or concerns, please contact us.

The Importance of Your FR 2900 Data

The FR 2900 report is an integral part of the U.S. economy, which is why analysts at the Federal Reserve Bank of Dallas take great care in ensuring the accuracy of received data. These data are used to inform monetary policy decisions and analyze the condition of financial markets and institutions. FR 2900 data serve two primary purposes: 1) the calculation of reserve requirements and the 2) the calculation of the monetary aggregates. These data are also used to assess trends, depositor behavior and sources of bank funding.

The monetary aggregates are measures of the nation's money supply. The first category, M1, is the currency in circulation, all types of checking accounts and vault cash less cash items in process of collection. This includes line items A.1.c, A.2, E.1 and B.2 on the FR 2900 report. M2 consists of M1 plus savings accounts, time deposits less than \$100,000, and retail money market mutual fund shares. This includes line items C.1, D.1 and F.1 on the FR 2900 report. As interest rates increase or decrease the money supply also contracts or expands. As the Board of Governors aims to uphold the mandates of full employment and stable prices, the monetary aggregates are figures that are monitored by the governors as they make decisions about rate changes.

An institution's reserve requirement is the amount that must be held in reserve against specific liabilities reported on the FR 2900. These reserves can be held as balances at the Federal Reserve Bank or in a depository institution's cash vault. Currently, liabilities against which reserves can be held are net transaction accounts, nonpersonal savings and time deposits and Eurocurrency liabilities. The reserve requirement is a monetary policy tool used to control the federal funds rate. If the aim is to decrease interest rates, the Federal Reserve could decrease reserve requirements, which would in effect increase the amount of excess reserves and funds available for lending. Conversely, an increase in the reserve requirement would decrease the money stock, tighten credit and increase interest rates.

The monetary aggregates and reserve balances are released to the public once a week in the H.6 and H.3 Statistical Release, respectively. Once the data are received by the Reserve Banks and sent to the Board, it is aggregated for the country and released. Accurate and timely data collections are very important to the analysts at the Federal Reserve Bank of Dallas, the Federal Reserve System and the national economy as a whole. Next time you are about to push submit in Reporting Central or send your report through the fax machine, take pride in knowing that your actions play a role in setting the direction of our nation's monetary policy.

Happy Holidays!

Our team would like to take this opportunity to wish you and your family a happy and safe holiday season!

Exemption and Low Reserve Tranche Levels for 2017

The Board of Governors has announced the 2017 annual indexing of the reserve requirement exemption amount and the low reserve tranche (the amounts reservable at 0 and 3 percent respectively). The new amounts are:

- Reserve requirement exemption amount: \$15.5 million
- Low reserve tranche: \$15.5 million through \$115.1 million
- Balances over \$115.1 million are reserved at 10 percent

The 2017 amounts go into effect with the 14-day maintenance period beginning Thursday, January 19, 2017. For weekly reporters this corresponds with the 14-day computation period that begins Tuesday, December 20, 2016. For institutions that report deposit data quarterly, this maintenance period corresponds to the seven-day computation period that begins Tuesday, December 20, 2016. To view the official press release, please go to:

www.federalreserve.gov/newsevents/press/bcreg/20161027a.htm

For more information regarding reserve requirements, please contact the Reserve and Risk Management Division analyst who is responsible for your institution.

Reclassification vs. Misclassification

The FR 2644 is a weekly report that collects certain assets and liabilities of commercial banks and U.S. branches and agencies of foreign banks. The remarks that your institution provides help us better understand your data. We would like to take a moment to clarify the difference between two terms that we regularly see in your remarks: misclassification and reclassification.

A misclassification occurs when a loan is incorrectly classified. When this occurs, we would expect to see a revision back to when the loan was first misclassified. For example, a loan was initially reported as a Commercial and Industrial loan. It was later discovered that the loan should have been reported as a Non-Farm Non-Residential loan instead. In this case we will work with your institution to get revisions back to the time of original booking.

Reclassification is when a loan is moved from one category to another due to a change in loan or collateral type. For example, when a construction project is completed, the loan is reclassified from a construction loan to a permanent multifamily loan. In this case, we would expect to see a decrease in construction loans, line 4a1, and a similar increase in loans secured by multifamily (5 or more) residential properties, line 4a4.

By making a clear distinction between loan misclassification and reclassification, we know whether or not to expect prior period revisions or a change in how the data is classified going forward. As always, we appreciate the help and information you provide.

Reporting Central

The Federal Reserve has completed its multiyear transition to Reporting Central. Here are a few things to keep in mind with this new application:

For those with credentials who are in need of a password reset, please contact the Customer Contact Center (CCC) at 888-333-7010.

An RC-1 form is required when deleting subscribers who no longer require access to Reporting Central. Please email these RC-1 forms to: dallas.electronicreporting@dal.frb.org

If you need Reporting Central credentials or assistance with any other Reporting Central issue, please contact Daion Christenson at 214-922-5423 or Dianna Elzner at 214-922-5424.

Holidays

We all love holidays! When one occurs during the report week, please report according to the scenario below that best describes your institution's procedures.

Scenario	Proper Reporting
Closed	Carry the previous day's balance forward
Closed but GL posting	Report balances as reflected on GL as of close of business*
Open but NOT GL posting	Carry the previous day's balance forward
Open and GL posting	Report balances as reflected on GL as of close of business*

* Both sides of the transaction (debit and credit) must be recorded and reported.

During the first quarter 2017, the Federal Reserve Bank will observe the following holidays:

New Year's Day	Monday, January 2, 2017
Martin Luther King Jr. Day	Monday, January 16, 2017
Presidents Day	Monday, February 20, 2017

Quarterly Deposit Report Deadlines

Report Dates	Due Dates
Tuesday, December 20–Monday, December 26, 2016	Close of business Tuesday, December 27, 2016
Tuesday, March 21–Monday, March 27, 2017	Close of business Tuesday, March 28, 2017
Tuesday, June 20–Monday, June 26, 2017	Close of business Tuesday, June 27, 2017
Tuesday, September 19–Monday, September 25, 2017	Close of business Tuesday, September 26, 2017

How to Contact Your Statistics–Monetary and Financial Report Staff

Visit our website at <http://dallasfed.org/banking/reporting> to find electronic versions of *Statistics News* as well as staff names, phone numbers and email addresses.

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Reporting Central

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