

DATE: February 5, 2003

SUBJECT: Minimum Threshold for Automatic As-of Adjustments
The Federal Reserve System is changing the criteria used for automatically issuing transaction-based *as-of* reserve adjustments. This change is being made to address the operational costs to all parties associated with processing *as-of* adjustments for smaller dollar transactions.

Specifically, effective March 3, 2003, Reserve Banks will use a combination of two factors to determine whether a transaction-based *as-of* adjustment is automatically issued. The dollar value of the base transaction must be \$25,000 or greater **and** the aggregate amount (base transaction multiplied by the number of days outstanding) must be \$250,000 or greater. If desired, depository institutions may request *as-of* adjustments for amounts below the established minimum thresholds on a case-by-case basis.

No changes are being made regarding *as-of* adjustments issued to institutions that have chosen to pay for float costs incurred in the delivery of direct and consolidated cash letters.

Implementation of the new criteria could provide operational benefit to depository institutions. The communication time and effort that accompanies the internal processing of each *as-of* adjustment will be reduced. In addition, *as-of* adjustments add complexity to the process of monitoring and reconciling reserve positions, and this complexity will be reduced as the number of low value *as-of* adjustment declines.

FURTHER INFORMATION : If you have questions or need additional information, please contact Randy R. Loveless, Payment Risk Management Section, at (314) 444-8360 or toll free at 1-800-333-0810, extension 44-8360.