

# MAINE STATE LEGISLATURE

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March 12, 1975

Ralph H. Gelder, Superintendent

Bureau of Banks and Banking

Martin L. Wilk, Deputy

Attorney General

Cash Reserve Requirements - 9 M.R.S.A. § 1044

This will respond to your memo dated February 11, 1975, inquiring whether the Bank Superintendent has authority to reduce below 3 percent the amount of reserves of savings deposits referred to in 9 M.R.S.A. § 1044. For the reasons which follow, it is our opinion that the Bank Superintendent does have authority to make appropriate upward or downward adjustments.

Section 1044(2) provides in pertinent part:

"The commissioner is authorized and empowered to raise or lower said cash reserve requirements on demand deposits and to establish reserves which shall be demanded on time deposits as in his judgment banking conditions may justify, provided such power to raise and establish reserves shall be limited to a percentage of such deposits not in excess of reserve requirements which may be from time to time established by the Federal Reserve Board."

The term "time deposits" is defined in the statute to mean "all deposits the payment of which cannot be legally required within 30 days." § 1044(1)(B). A reading of § 1044 in toto makes it relatively clear that the term includes savings deposits. § 1044(2)(A) refers to savings deposits and time deposits conjunctively, and § 1044(2)(B) refers to "other time deposits." Accordingly, the reference to "time deposits" in the language quoted above would appear to embrace savings deposits and other kinds of time deposits the payment of which cannot be legally required within 30 days.

By the terms of § 1044, the authority to establish cash reserve requirements on time deposits is limited in that such requirements may not be in excess of Federal Reserve Board requirements. If, for example, the maximum reserve requirements

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established by the Federal Reserve Board were 6 percent, the Bank Superintendent would have authority to set the reserve requirements at an appropriate percentage not exceeding 6 percent.

I trust this answers your question. If we may be of any further assistance, please let me know.

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MARTIN L. WILK  
Deputy Attorney General

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