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TO: Federal Open Market Committee Subject: Views on lagged reserve accounting

FROM: Arthur L. Broida

As you may recall, there was a brief discussion at the July 17 meeting of the Open Market Committee of the implications for the effective implementation of monetary policy of lagged reserve accounting and such related matters as carry-over provisions and the length of the reserve accounting period. Subsequently, on August 13, copies were distributed to Reserve Bank Presidents of a report to the Board of Governors dated August 10 and entitled "First Report of the Staff Committee on Lagged Reserve Accounting."

In light of the time pressures at meetings of the Open Market Committee, Chairman Burns believes that the views of the Reserve Bank Presidents on this general subject can be more effectively transmitted to the Board in writing rather than by scheduling a discussion at an FOMC meeting. Accordingly, the Presidents are herewith invited to forward their views to Mr. Feldberg, Secretary of the Board. Comments on any aspect of the subject, including the possible consequences of changes in present arrangements for member bank relations, would be welcome. It would be helpful if any such comments were received by mid-October.

ALB:bp

ALB