

(C) DEMAND DEPOSIT RESERVE.

(1) A COMMERCIAL BANK SHALL HAVE AT ALL TIMES A RESERVE EQUAL TO AT LEAST 15 PERCENT OF ITS DEMAND DEPOSITS.

(2) THE BOARD OF DIRECTORS OF A COMMERCIAL BANK BY RESOLUTION SHALL DIRECT THE COMMERCIAL BANK TO KEEP THE DEMAND DEPOSIT RESERVE REQUIRED BY THIS SECTION IN:

(I) CASH ON HAND;

(II) DEMAND DEPOSITS IN A BANK OF GOOD STANDING IN ANY STATE; OR

(III) AS TO 5 PERCENT OF ITS DEMAND DEPOSITS, ON APPROVAL OF THE BANK COMMISSIONER:

1. REGISTERED OR COUPON BONDS; OR

2. GENERAL OBLIGATIONS OF OR OBLIGATIONS GUARANTEED BY THE UNITED STATES GOVERNMENT, AN AGENCY OF THE UNITED STATES GOVERNMENT, THIS STATE, OR ANY POLITICAL SUBDIVISION.

(D) TIME DEPOSIT RESERVE.

(1) A COMMERCIAL BANK SHALL HAVE AT ALL TIMES A RESERVE EQUAL TO AT LEAST 3 PERCENT OF ITS TIME DEPOSITS.

(2) THE BOARD OF DIRECTORS OF A COMMERCIAL BANK BY RESOLUTION SHALL DIRECT THE COMMERCIAL BANK TO KEEP THE TIME DEPOSIT RESERVES REQUIRED BY THIS SECTION IN:

(I) CASH ON HAND;

(II) DEPOSITS IN A BANK OF GOOD STANDING IN ANY STATE; OR

(III) DIRECT OBLIGATIONS OF THE UNITED STATES GOVERNMENT OR OF THIS STATE.

(E) CHANGE BY BANK COMMISSIONER.

(1) IF THE BANK COMMISSIONER, WITH THE ADVICE OF THE BANKING BOARD, DETERMINES THAT A CHANGE IN THE DEMAND DEPOSIT RESERVE OR IN THE TIME DEPOSIT RESERVE REQUIREMENTS IS ADVISABLE TO MAINTAIN SOUND BANKING PRACTICES OR TO PREVENT INJURIOUS CREDIT EXPANSION OR CONTRACTION, THE BANK COMMISSIONER MAY CHANGE THE REQUIREMENTS AS PROVIDED IN THIS SUBSECTION.

(2) SUBJECT TO PARAGRAPH (3) OF THIS SUBSECTION, THE BANK COMMISSIONER MAY ADOPT RULES OR REGULATIONS TO CHANGE THE REQUIREMENTS AS TO RESERVES FOR STATE BANKS OR FOR TRUST COMPANIES.

(3) THE RULES AND REGULATIONS MAY: