

**FEDERAL RESERVE BANK
OF DALLAS**

Dallas, Texas, September 8, 1948

**RESERVES REQUIRED TO BE MAINTAINED BY MEMBER BANKS WITH
FEDERAL RESERVE BANKS**

**To the Member Banks of the
Eleventh Federal Reserve District:**

The Board of Governors of the Federal Reserve System today adopted a supplement to Regulation D, which has the effect of increasing the reserve requirements of member banks. The Board also adopted certain amendments to Regulation D in order to bring the text of the regulation into conformity with the text of the law. Copies of the supplement and of the amendments are enclosed.

The Board of Governors has released the following press statement in regard to its action today in increasing reserve requirements:

“As a further step toward restraining inflationary expansion of bank credit, the Board of Governors today increased the amount of reserves required to be maintained with Federal Reserve banks by banks which are members of the Federal Reserve System as follows:

<u>On Net Demand Deposits</u>	<u>Effective</u>
Non-reserve city banks	September 16, 1948
Reserve city banks	September 24, 1948
Central reserve city banks	September 24, 1948
<u>On Time Deposits</u>	
Non-reserve city banks	September 16, 1948
Central reserve and reserve city banks	September 24, 1948

“The effect of these increases will be to raise the required reserves of banks in central reserve cities by approximately 500 million dollars, of banks in reserve cities by approximately 700 million dollars, and of banks in non-reserve cities by approximately 700 million dollars.

“At the recent special session of Congress the Board of Governors was given temporary additional authority to increase reserve requirements of member banks and under the provisions of Section 19 of the Federal Reserve Act as thus recently amended the Board now has authority to establish reserve requirements for the various classes of member banks within the following limits:

<u>Against Net Demand Deposits</u>	<u>Minimum</u>	<u>Maximum</u>
Central reserve city banks	13%	30%
Reserve city banks	10%	24%
Non-reserve city banks	7%	18%
<u>Against Time Deposits</u>		
All classes of banks	3%	7½%

“When the increases become effective on the dates stated above, reserve requirements on time deposits will be at the maximum limit under existing authority and requirements on net demand deposits will be 2 percentage points less than the maximum at reserve and non-reserve city banks and 4 percentage points less than the maximum at central reserve city banks.”

The enclosures should be inserted in the ring binder containing current bulletins of this bank and the regulations of the Board of Governors of the Federal Reserve System. Please acknowledge receipt on the enclosed post card.

Very truly yours,

R. R. GILBERT
President

AMENDMENT TO REGULATION D

ISSUED BY THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Effective September 16, 1948

Regulation D, Reserves of Member Banks, as amended, is hereby further amended in the following respects, effective September 16, 1948:

1. Subsection (a) of section 2 is amended by striking out the words "the sixth paragraph of" in the last sentence thereof.

2. Footnote numbered 6 appended to subsection (a) of section 2 is amended to read as follows:

"The amount of the reserves required to be maintained by any such member bank as a result of any such change may not be less than the amount of the reserves specified above nor more than twice such amount, except that through June 30, 1949, the required reserves for time deposits may be not more than 7½ percent and those for demand deposits of banks in central reserve cities, reserve cities, and other places may be not more than 30 percent, 24 percent, and 18 percent, respectively."

3. Subsection (b) of section 2 is amended by striking out the following in the first sentence thereof:

"And, until six months after the cessation of hostilities in the present war as determined by Proclamation of the President or concurrent resolution of the Congress, no deposit payable to the United States by any member bank arising solely as the result of subscriptions made by or through such member bank for United States Government securities issued under authority of the Second Liberty Bond Act, as amended, shall be included in net demand deposits or in time deposits which are subject to reserve requirements."

**BOARD OF GOVERNORS
OF THE FEDERAL RESERVE SYSTEM**

SUPPLEMENT TO REGULATION D

Effective as to Member Banks not in Reserve and Central Reserve
Cities at opening of business on September 16, 1948, and as to
Member Banks in Reserve and Central Reserve Cities at
opening of business on September 24, 1948

***Reserves required to be maintained by member banks
with Federal Reserve banks***

Pursuant to the provisions of section 19 of the Federal Reserve Act and section 2(a) of its Regulation D, the Board of Governors of the Federal Reserve System hereby prescribes the following reserve balances which each member bank of the Federal Reserve System is required to maintain on deposit with the Federal Reserve bank of its district:

7½ per cent of its time deposits plus—

16 per cent of its net demand deposits if not in a reserve or central reserve city;

22 per cent of its net demand deposits if in a reserve city, except as to any bank located in an outlying district of a reserve city or in territory added to such city by the extension of the city's corporate limits, which, by the affirmative vote of five members of the Board of Governors of the Federal Reserve System, is permitted to maintain 16 per cent reserves against its net demand deposits;

26 per cent of its net demand deposits if located in a central reserve city, except as to any bank located in an outlying district of a central reserve city or in territory added to such city by the extension of the city's corporate limits, which, by the affirmative vote of five members of the Board of Governors of the Federal Reserve System, is permitted to maintain 16 per cent or 22 per cent reserves against its net demand deposits.

The supplements to Regulation D which have previously been issued are hereby revoked and superseded.