

FEDERAL RESERVE BANK

OF DALLAS

Dallas, Texas, August 6, 1949

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 has announced the adoption of a supplement to Regulation D, which has the effect of reducing reserve requirements of member banks. Copy of the supplement is enclosed.

The following is quoted from a press statement released by the Board of Governors simultaneously with the adoption of the supplement:

"The Board of Governors has reduced by 2 per cent of net demand deposits and 1 per cent of time deposits the amount of reserves required to be maintained by member banks of the Federal Reserve System. The reduction, which will amount to approximately \$1,800,000,000, will become effective as follows:

ON NET DEMAND DEPOSITS

<u>Central Reserve City Banks</u>	<u>Reserve City Banks</u>	<u>Effective</u>
From 24 to 23½ per cent	From 20 to 19½ per cent	August 11, 1949
From 23½ to 23 per cent	From 19½ to 19 per cent	August 18, 1949
From 23 to 22½ per cent	From 19 to 18½ per cent	August 25, 1949
From 22½ to 22 per cent	From 18½ to 18 per cent	September 1, 1949

<u>Non-Reserve City Banks</u>	<u>Effective</u>
From 14 to 13 per cent	August 1, 1949
From 13 to 12 per cent	August 16, 1949

ON TIME DEPOSITS

<u>Central Reserve and Reserve City Banks</u>	<u>Effective</u>
From 6 to 5 per cent	August 11, 1949
<u>Non-Reserve City Banks</u>	<u>Effective</u>
From 6 to 5 per cent	August 16, 1949

"The effect of these decreases will be to lower the reserve requirements of banks in central reserve cities by approximately \$500,000,000, of banks in reserve cities by approximately \$675,000,000, and of banks in non-reserve cities by approximately \$625,000,000.

"In announcing this action, Mr. McCabe, Chairman of the Board of Governors of the Federal Reserve System, stated that it was taken after full discussion by the Board and the Federal Open Market Committee of the coordination of policies with respect to reserve requirements, open market operations, and other System credit instruments, with primary regard to the general credit and business situation and the maintenance of orderly conditions in the Government security market."

The supplement to Regulation D should be filed 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.

Yours very truly,

R. R. GILBERT

President

SUPPLEMENT TO REGULATION D

ISSUED BY THE
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
ON AUGUST 5, 1949

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:

1. If not in a reserve or central reserve city—
 - (a) 6 per cent of its time deposits until the opening of business on August 16, 1949, and 5 per cent of its time deposits thereafter, plus
 - (b) 13 per cent of its net demand deposits from August 1 to August 15, 1949, inclusive, and 12 per cent of its net demand deposits thereafter.
2. 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 the reserves specified in paragraph 1 above)—
 - (a) 6 per cent of its time deposits until the opening of business on August 11, 1949, and 5 per cent of its time deposits thereafter, plus
 - (b) 20 per cent of its net demand deposits until the opening of business on August 11, 1949, 19½ per cent of its net demand deposits from August 11 to August 17, 1949, inclusive, 19 per cent of its net demand deposits from August 18 to August 24, 1949, inclusive, 18½ per cent of its net demand deposits from August 25 to August 31, 1949, inclusive, and 18 per cent of its net demand deposits thereafter.

(Over)

3. If 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 the reserves specified in paragraph 1 or 2 above)—

(a) 6 per cent of its time deposits until the opening of business on August 11, 1949, and 5 per cent of its time deposits thereafter, plus

(b) 24 per cent of its net demand deposits until the opening of business on August 11, 1949, $23\frac{1}{2}$ per cent of its net demand deposits from August 11 to August 17, 1949, inclusive, 23 per cent of its net demand deposits from August 18 to August 24, 1949, inclusive, $22\frac{1}{2}$ per cent of its net demand deposits from August 25 to August 31, 1949, inclusive, and 22 per cent of its net demand deposits thereafter.

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