

FEDERAL RESERVE BANK

OF DALLAS

Dallas, Texas, June 25, 1953

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

“The Board of Governors has reduced reserve requirements on net demand deposits of all member banks, as follows:

“Effective July 1 — From 14% to 13% at country banks.

“Effective July 9 — From 20% to 19% at reserve city banks, and from 24% to 22% at central reserve city banks.

“The present and new requirements on demand deposits are as follows:

	<u>All Member Banks</u>	<u>Central Reserve City Banks</u>	<u>Reserve City Banks</u>	<u>Country Banks</u>
		(In millions of dollars)		
Present requirements:				
Percentage		24	20	14
Amount ¹	17,229	5,981	6,886	4,362
New requirements:				
Percentage		22	19	13
Amount ²	16,073	5,482	6,541	4,050

¹Estimates are based on net demand deposits as of the last half of May, and do not include requirements against time deposits.

“This step was taken in pursuance of Federal Reserve policy, designed to make available the reserve funds necessary to meet the essential needs of the economy and to help maintain stability of the dollar. The reduction, releasing an estimated \$1,156,000,000 of reserves, was made in anticipation of the exceptionally heavy demands on bank reserves which will develop in the near future when seasonal requirements of the economy will expand and Treasury financing in large volume is inescapable. The action is intended to provide assurance that these needs will be met without undue strain on the economy and is in conformity with System policy of contributing to the objective of sustaining economic equilibrium at high levels of production and employment.”

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.

Very truly yours,

R. R. GILBERT

President

SUPPLEMENT TO REGULATION D

ISSUED BY THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Effective as to Member Banks not in Reserve and Central Reserve
Cities at opening of business on July 1, 1953, and as to
Member Banks in Reserve and Central Reserve
Cities at opening of business on July 9, 1953

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:

6 per cent of its time deposits plus—

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

19 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 13 per cent reserves against its net demand deposits;

22 per cent of its net demand deposits 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 13 per cent or 19 per cent reserves against its net demand deposits.

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