

FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

Circular No. 67-47

March 1, 1967

**RESERVE REQUIREMENTS ON SAVINGS DEPOSITS AND THE
FIRST \$5 MILLION OF OTHER TIME DEPOSITS
REDUCED FROM 4% TO 3%**

To All Member Banks

in the Eleventh Federal Reserve District:

The following statement was made public February 28, 1967, by the Board of Governors of the Federal Reserve System:

The Board of Governors of the Federal Reserve System announced today a reduction in member bank reserve requirements. The action is intended to assist in meeting developing credit needs throughout the country in a manner consistent with the Federal Reserve's policy objectives of assuring that the availability of credit is adequate to provide for orderly economic growth.

Reserve requirements are being reduced from 4 percent to 3 percent against savings deposits, Christmas and vacation club accounts, and the first \$5 million of other time deposits at each member bank. The reduction will be made in two equal steps:

The first, from 4 to 3½ percent, will become effective with the reserve computation period beginning March 2, 1967; and the second, from 3½ to 3 percent, will become effective with the reserve computation period beginning March 16, 1967.

It is estimated that the combined effect of these changes will be to reduce required reserves at member banks by about \$850 million — approximately \$500 million at country banks and \$350 million at Reserve city banks.

The Supplement to Regulation D has been revised to reflect the changes referred to in the above statement and a copy is attached. When the new Supplement becomes effective, as noted therein, it should be substituted for the Supplement now filed with your copy of Regulation D.

Please acknowledge receipt of the revised Supplement on the enclosed postal card.

Yours very truly,

Watrous H. Irons

President

Enclosures (2) (1)

SUPPLEMENT TO REGULATION D

Section 204.5 — Supplement

ISSUED BY THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

(a) **Reserve percentages.**—Pursuant to the provision of section 19 of the Federal Reserve Act and § 204.2(a) and subject to paragraph (b) of this section, 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 city —
 - (i) 4 percent of the following deposits until the opening of business on March 2, 1967, 3½ percent of such deposits from March 2, 1967, to March 15, 1967, inclusive, and 3 percent of such deposits thereafter:
 - (A) Savings deposits and
 - (B) Time deposits, open account, that constitute deposits of individuals, such as Christmas club accounts and vacation club accounts, that are made under written contracts providing that no withdrawal shall be made until a certain number of periodic deposits have been made during a period of not less than 3 months; plus
 - (ii) 4 percent of its other time deposits up to \$5 million until the opening of business on March 2, 1967, 3½ percent of such deposits from March 2, 1967, to March 15, 1967, inclusive, and 3 percent of such deposits thereafter; plus 6 percent of such deposits in excess of \$5 million; plus
 - (iii) 12 percent of its net demand deposits.
- (2) If in a reserve city (except as to any bank located in such a city which is permitted by the Board of Governors of the Federal Reserve System, pursuant to § 204.2(a)(2), to maintain the reserves specified in subparagraph (1) of this paragraph) —

(OVER)

- (i) 4 percent of the following deposits until the opening of business on March 2, 1967, $3\frac{1}{2}$ percent of such deposits from March 2, 1967, to March 15, 1967, inclusive, and 3 percent of such deposits thereafter:
 - (A) Savings deposits and
 - (B) Time deposits, open account, that constitute deposits of individuals, such as Christmas club accounts and vacation club accounts, that are made under written contracts providing that no withdrawal shall be made until a certain number of periodic deposits have been made during a period of not less than 3 months; plus
- (ii) 4 percent of its other time deposits up to \$5 million until the opening of business on March 2, 1967, $3\frac{1}{2}$ percent of such deposits from March 2, 1967, to March 15, 1967, inclusive, and 3 percent of such deposits thereafter; plus 6 percent of such deposits in excess of \$5 million; plus
- (iii) $16\frac{1}{2}$ percent of its net demand deposits.

(b) **Currency and Coin.**—The amount of a member bank's currency and coin shall be counted as reserves in determining compliance with the reserve requirements of paragraph (a) of this section.