

FEDERAL RESERVE BANK OF DALLAS
DALLAS, TEXAS 75222

Circular No. 69-81
April 4, 1969

CHANGE IN RESERVE REQUIREMENTS AGAINST DEMAND DEPOSITS

To All Member Banks

in the Eleventh Federal Reserve District:

The following statement was made public April 3, 1969, by the Board of Governors of the Federal Reserve System:

In a further move against inflation, the Board of Governors of the Federal Reserve System today increased reserve requirements against demand deposits at all member banks by $\frac{1}{2}$ percentage point, effective in the reserve computation period beginning April 17 and applicable to average deposits in the period April 3-9 inclusive.

The increase in reserve requirements will mean that the nearly 6,000 national and state member banks must set aside as reserves an additional \$650 million, approximately \$375 million at reserve city banks — generally the larger banks in larger cities — and \$275 million at other member banks, frequently referred to as “country banks.”

The action will raise reserve requirements at reserve city banks from $16\frac{1}{2}$ to 17 percent on net demand deposits under \$5 million and from 17 to $17\frac{1}{2}$ percent on deposits over \$5 million. For all other member banks the increase will be from 12 to $12\frac{1}{2}$ percent on deposits under \$5 million and from $12\frac{1}{2}$ to 13 percent on those over \$5 million. Reserve requirements against time deposits remain unchanged.

The new top rate of $17\frac{1}{2}$ percent on net demand deposits is the highest since 1960. The last previous change in reserve requirements took effect in January 1968, when they were raised $\frac{1}{2}$ percentage point on all demand deposits over \$5 million.

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,

P. E. Coldwell
President

Enclosures (2)

SUPPLEMENT TO REGULATION D

Section 204.5 — Supplement

ISSUED BY THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Effective as to all member banks in the reserve computation period beginning April 17, 1969, and applicable to average deposits in the base period April 3-9, 1969, inclusive.

(a) **Reserve percentages.**—Pursuant to the provisions 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) 3 percent of:
 - (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) 3 percent of its other time deposits up to \$5 million, plus 6 percent of such deposits in excess of \$5 million; plus
 - (iii) 12½ percent of its net demand deposits up to \$5 million, plus 13 percent of such deposits in excess of \$5 million.
- (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) —
 - (i) 3 percent of:
 - (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

(OVER)

- (ii) 3 percent of its other time deposits up to \$5 million, plus 6 percent of such deposits in excess of \$5 million; plus
- (iii) 17 percent of its net demand deposits up to \$5 million, plus 17½ percent of such deposits in excess of \$5 million.

(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.