

FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

Circular No. 71-198
August 24, 1971

RESERVES OF MEMBER BANKS

To All Member Banks in the
Eleventh Federal Reserve District:

This Bank's Bulletin 4 entitled "Reserves of Member Banks" and the related supplements have been revised effective August 24, 1971.

The purpose of these revisions is to incorporate the changes in format and text which are being made to all of the bulletins of this Bank as outlined in Circular No. 30-307 dated December 22, 1970. There are no changes in requirements or procedures as a result of these revisions.

The material listed below is enclosed:

1. Bulletin 4 entitled "Reserves of Member Banks" dated August 24, 1971,
2. Supplement A entitled "Computation of Reserves to be Carried with the Federal Reserve Bank by Member Banks",
3. Supplement B entitled "Current Schedule of Base and Related Reserve Periods", and
4. Postal card acknowledgment of receipt.

You should substitute the enclosed Bulletin 4 and related supplements for Bulletin 4 dated September 12, 1968 and the related 1971 supplement in the ring binder of bulletins and regulations furnished by us.

PLEASE ACKNOWLEDGE RECEIPT OF THE ENCLOSED BULLETIN 4 AND RELATED SUPPLEMENTS BY SIGNING AND RETURNING THE ENCLOSED POSTAL CARD.

Yours very truly,

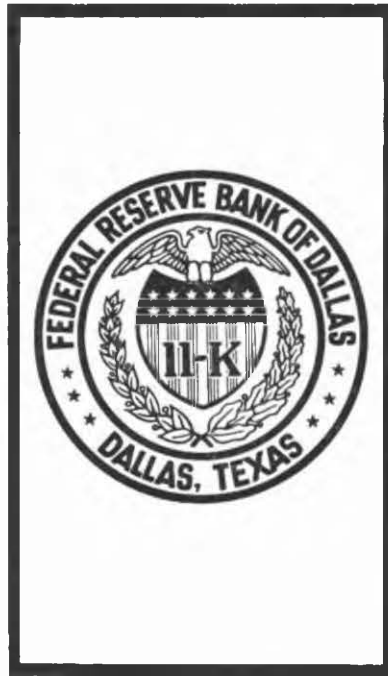
P. E. Coldwell,

President

Enclosures (4)

BULLETIN 4

Reserves of Member Banks



FEDERAL RESERVE BANK OF DALLAS

SCOPE

This bulletin contains information on the reserve balances that member banks are required by Section 19 of the Federal Reserve Act to maintain with this bank. The reserve percentages applicable to member banks will be found in the current Supplement to Regulation D. Supplement A to this bulletin contains a formula for computing reserves and Supplement B gives the current schedule of base and related reserve periods.

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Section 1, DEFINITIONS

1.00 AC 8 Report

"AC 8 Report" means the Report of Deposits and Related Data, Form AC 8, sufficient copies of which are annually supplied to member banks and extra copies of which may be obtained from this bank as needed.

1.05 Base Period

"Base Period" means the seven-day reserve computation period which ends at the close of business each Wednesday and for which the AC 8 Report is submitted.

1.10 Related Reserve Period

"Related Reserve Period" means the seven-day reserve computation period beginning eight calendar days and ending fourteen calendar days after the close of the Base Period. It is the period during which the reserve requirements computed from the AC 8 Report for the Base Period must be maintained.

1.15 Reference to Bulletin 1

Several definitions, rules of construction, and other provisions applicable to this bulletin are found in our Bulletin 1, "General Provisions," and are incorporated herein by reference.

Section 2, REFERENCES

Section 204.1 of Regulation D defines:

- (1) various classes of deposits
- (2) cash items in process of collection
- (3) net demand deposits
- (4) currency and coin
- (5) balances subject to immediate withdrawal due from other banks.

The instructions for preparation of reports of condition issued by the banking supervisory authorities contain definitions concerning U.S. Government demand deposits.

Section 3, AC 8 REPORT

3.00 Submission of AC 8 Report

Each member bank shall send this bank a weekly AC 8 Report. This Report should be sent as soon

as practicable after the close of business each Wednesday.

3.05 AC 8 Report determines reserve requirement

The AC 8 Report of a member bank will determine the amount of reserves required to be maintained in its reserve balance for the Related Reserve Period. As provided in Section 204.3(a) (1) of Regulation D, the reserve requirements of member banks are determined on the basis of average daily net deposit balances and average daily currency and coin during the Base Period, as set out in the AC 8 Report for that period.

3.10 Determination of balances at close of the banking day

The balance for each day should reflect the balance at the close of business that day. The balance for a non-banking day will be identical with the balance for the immediately preceding banking day. We compute each member bank's balance with us at our close of business each day.

3.15 Correct completion of AC 8 Report

This form includes references in each column to corresponding items and schedules in the call reports of condition. The figures for U.S. Government demand deposits should include balances in the Treasury Tax and Loan Account, the Series E bond account, and Savings note account, as well as all demand deposits of public monies made by or for the account of the United States or any department, bureau, or official thereof. Amounts reportable as currency and coin (column 9) should include currency and coin in transit to or from us.

Section 4, RESERVE COMPUTATION

4.00 How to compute reserves

The formula provided in Supplement A is for use as a guide in determining the amount of reserves a member bank must maintain with us. Items are referenced to the call reports of condition. Member banks should maintain current computations of their required reserves so that they will be aware of their required reserve position.

4.05 Period to which computation applies

The reserve computation made by a member bank represents the reserves required to be maintained during the Related Reserve Period, the second reserve computation period following the Base Period.

4.10 Reserve balance

The reserve balance of a member bank shall consist of the member bank's average daily balance with this bank at the close of business each day during the Related Reserve Period and the average daily amount of currency and coin held by the member bank at the close of each banking day during the Base Period.

Section 5, PENALTIES**5.00 Penalties for reserve deficiencies**

Member banks will be notified in writing of any reserve deficiency. Any excess or deficiency of a member bank's required reserves will be carried forward to the following reserve computation period to the extent such excess or deficiency does not exceed 2% of the reserves required in the Related Reserve Period in which the excess or deficiency occurred. Any excess or deficiency greater than 2% will not be carried forward.

Any portion of the 2% allowable excess or deficiency not offset in the immediately following reserve computation period may not be again carried forward to subsequent computation periods.

5.05 Assessment of penalties

A deficiency penalty will be assessed on the 25th day of the month following the month in which one or more reserve deficiencies are incurred. If the 25th day of the month is on a non-banking day, the penalty will be assessed on the first banking day preceding the 25th.

5.10 Penalty rate

Penalties are assessed at a rate of 2% per annum greater than the current discount rate, as stated in the Supplement A to Bulletin 2 in effect on the first day of the calendar month in which the deficiency or deficiencies occurred.

5.15 Waiver of penalties

This bank has discretionary power to waive penalties for deficiencies, and such power shall be exercised on a case-by-case basis with particular attention given to instances in which the penalty would be small and the member bank is making appropriate efforts to maintain adequate reserves.

Supplement A
COMPUTATION OF RESERVE TO BE CARRIED WITH THE
FEDERAL RESERVE BANK BY MEMBER BANKS

(For definitions of the terms gross demand deposits, deductions allowed in computing reserves, cash items in process of collection, net demand deposits, time deposits, and currency and coin, see Regulation D of the Board of Governors of the Federal Reserve System. Reference to call report item numbers, shown below, are to those in the form used at the June 1971 call.)

1. GROSS DEMAND DEPOSITS:
 - (a) Demand deposits of banks¹ (close of business) - - - - - \$.
 (Corresponds to items 1, 7, and 8 in Schedule E of call report of condition)
 - (b) U. S. Government demand deposits² (close of business) - - - - -
 (Corresponds to item 4 in Schedule E of call report of condition)
 - (c) Other demand deposits (close of business) - - - - - \$
 (Corresponds to items 2, 5, 6, and 9 in Schedule E of call report of condition)
2. DEDUCTIONS ALLOWED IN COMPUTING RESERVES:
 - (a) Cash items in process of collection, except to the extent included in item 2(b) (including checks with Federal Reserve banks in process of collection and checks on hand which will be presented for payment or forwarded for collection on the following business day) (close of business) - - - - -
 (Corresponds to item in Schedule D of call report on condition)
 - (b) Balances subject to immediate withdrawal due from other banks (including cash items forwarded to a correspondent bank for collection and credit and charged to "Due from banks," but excluding balances due from Federal Reserve banks, from foreign banks or branches thereof, or from foreign branches of domestic banks.¹) (close of business) - - - - -
 (Corresponds to item 2 in Schedule D of call report of condition)
3. NET DEMAND DEPOSITS (item 1 minus item 2) - - - - -
4. TOTAL TIME DEPOSITS³ (close of business) - - - - -
 - (a) Savings deposits (close of business) - - - - -
 (Corresponds to item 1 in Schedule F of call report of condition)
 - (b) Other time deposits (close of business) - - - - -
 (Corresponds to items 3, 4, 6, 7, 8, 9, and 10 in Schedule F of call report of condition)
5. RESERVES REQUIRED⁴:
 - (a) On net demand deposits (item 3 above):
 - (1) Up to 5 million, percent - - - - -
 - (2) In excess of 5 million, percent - - - - -
 - (b) On all savings deposits (item 4(a) above);
 and on other time deposits up to 5 million,
 percent - - - - -
 - (c) On all other time deposits, percent - - - - -
 - (d) Total reserves required to be maintained - - - - -
6. Currency and Coin (close of business) - - - - -
 (Corresponds to item 5 in Schedule D of call report of condition)
7. Reserve to be maintained with Federal Reserve Bank⁵ - - - - -
 (Item 5(d) minus item 6)

¹Reciprocal interbank demand deposits with banks in the United States, except American branches of foreign banks, must be reported net.
²Includes deposits in Treasury tax and loan account, Series E bond account, and Savings note account.
³Christmas savings, vacation club, and similar types of time deposit accounts should be included with Savings deposits (item 4a) and excluded from Other time deposits (item 4b) for purposes of this report. Except for this difference, item references noted apply.
⁴For current required reserve percentage against the deposit totals for banks in reserve cities and for banks located elsewhere, see latest supplement to Regulation D.
⁵This amount is the total cumulative reserve to be maintained with the Federal Reserve Bank in the second reserve period following the period for which this computation is made and it does not take into consideration the 2 percent carry-forward provision of Regulation D. For the average daily reserve, divide by seven.

Supplement B

CURRENT SCHEDULE OF BASE AND RELATED RESERVE PERIODS

Reports of deposits should be mailed not later than *Thursday* of each week.

Listed below are the periods used for computing required reserves and the related periods in which the required reserves must be carried:

BASE PERIOD		RELATED RESERVE PERIOD	
For Reporting Deposits and Currency & Coin		For Maintained Reserves	
Begins	Ends	Begins	Ends
12/24/70	— 12/30/70	1/ 7/71	— 1/13/71
12/31/70	— 1/ 6/71	1/14/71	— 1/20/71
1/ 7/71	— 1/13/71	1/21/71	— 1/27/71
1/14/71	— 1/20/71	1/28/71	— 2/ 3/71
1/21/71	— 1/27/71	2/ 4/71	— 2/10/71
1/28/71	— 2/ 3/71	2/11/71	— 2/17/71
2/ 4/71	— 2/10/71	2/18/71	— 2/24/71
2/11/71	— 2/17/71	2/25/71	— 3/ 3/71
2/18/71	— 2/24/71	3/ 4/71	— 3/10/71
2/25/71	— 3/ 3/71	3/11/71	— 3/17/71
3/ 4/71	— 3/10/71	3/18/71	— 3/24/71
3/11/71	— 3/17/71	3/25/71	— 3/31/71
3/18/71	— 3/24/71	4/ 1/71	— 4/ 7/71
3/25/71	— 3/31/71	4/ 8/71	— 4/14/71
4/ 1/71	— 4/ 7/71	4/15/71	— 4/21/71
4/ 8/71	— 4/14/71	4/22/71	— 4/28/71
4/15/71	— 4/21/71	4/29/71	— 5/ 5/71
4/22/71	— 4/28/71	5/ 6/71	— 5/12/71
4/29/71	— 5/ 5/71	5/13/71	— 5/19/71
5/ 6/71	— 5/12/71	5/20/71	— 5/26/71
5/13/71	— 5/19/71	5/27/71	— 6/ 2/71
5/20/71	— 5/26/71	6/ 3/71	— 6/ 9/71
5/27/71	— 6/ 2/71	6/10/71	— 6/16/71
6/ 3/71	— 6/ 9/71	6/17/71	— 6/23/71
6/10/71	— 6/16/71	6/24/71	— 6/30/71

BASE PERIOD
For Reporting Deposits
and Currency & Coin

Begins	Ends
6/17/71 —	6/23/71
6/24/71 —	6/30/71
7/ 1/71 —	7/ 7/71
7/ 8/71 —	7/14/71
7/15/71 —	7/21/71
7/22/71 —	7/28/71
7/29/71 —	8/ 4/71
8/ 5/71 —	8/11/71
8/12/71 —	8/18/71
8/19/71 —	8/25/71
8/26/71 —	9/ 1/71
9/ 2/71 —	9/ 8/71
9/ 9/71 —	9/15/71
9/16/71 —	9/22/71
9/23/71 —	9/29/71
9/30/71 —	10/ 6/71
10/ 7/71 —	10/13/71
10/14/71 —	10/20/71
10/21/71 —	10/27/71
10/28/71 —	11/ 3/71
11/ 4/71 —	11/10/71
11/11/71 —	11/17/71
11/18/71 —	11/24/71
11/25/71 —	12/ 1/71
12/ 2/71 —	12/ 8/71
12/ 9/71 —	12/15/71
12/16/71 —	12/22/71

RELATED RESERVE PERIOD
For Maintained Reserves

Begins	Ends
7/ 1/71 —	7/ 7/71
7/ 8/71 —	7/14/71
7/15/71 —	7/21/71
7/22/71 —	7/28/71
7/29/71 —	8/ 4/71
8/ 5/71 —	8/11/71
8/12/71 —	8/18/71
8/19/71 —	8/25/71
8/26/71 —	9/ 1/71
9/ 2/71 —	9/ 8/71
9/ 9/71 —	9/15/71
9/16/71 —	9/22/71
9/23/71 —	9/29/71
9/30/71 —	10/ 6/71
10/ 7/71 —	10/13/71
10/14/71 —	10/20/71
10/21/71 —	10/27/71
10/28/71 —	11/ 3/71
11/ 4/71 —	11/10/71
11/11/71 —	11/17/71
11/18/71 —	11/24/71
11/25/71 —	12/ 1/71
12/ 2/71 —	12/ 8/71
12/ 9/71 —	12/15/71
12/16/71 —	12/22/71
12/23/71 —	12/29/71
12/30/71 —	1/ 5/72