



American Revolution Bicentennial

FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

Circular No. 75-159
October 20, 1975

DECREASE IN RESERVE REQUIREMENTS
ON MEMBER BANK TIME DEPOSITS
WITH AN ORIGINAL MATURITY OF FOUR YEARS OR MORE

TO ALL MEMBER BANKS IN THE
ELEVENTH FEDERAL RESERVE DISTRICT:

There is quoted below the text of a press release issued Wednesday, October 15, 1975, by the Board of Governors of the Federal Reserve System announcing a change in Regulation D reducing the reserve requirements on member bank time deposits with an original maturity of four years or more.

The Board of Governors of the Federal Reserve System announced today a reduction in reserve requirements on member bank time deposits with an original maturity of four years or more. The action will release about \$330 million in reserves to the banking system.

This action is designed primarily to encourage banks to lengthen the structure of their liabilities. It will also help meet the seasonal need for bank reserves over the coming weeks and facilitate moderate growth in the monetary aggregates.

Under the restructuring action, reserve requirements on time deposits with an original maturity of four years or more will be reduced from three percent to one percent. In no case, however, may the average of reserves on time and savings deposits at each bank be less than three percent, the minimum level specified by law.

The new reserve ratio will apply to the level of deposits beginning the week of October 16-22, and will affect required reserves beginning the statement week of October 30-November 5.

The one percent required reserves will also apply to obligations issued by affiliates and the proceeds channeled to the bank and ineligible acceptances with time remaining to maturity at the time funds were channeled to the bank of greater than or equal to four years but less than seven years.

A new form entitled "Supplementary Report of Deposits and Related Data for Determining Original Maturity of Four Years or More" has been designed to be submitted in addition to the regular report of deposits data that are forwarded by the member banks to their appropriate Federal Reserve Office on a weekly basis. Five copies of this form are attached for reporting the level of deposits beginning with the week of October 16-22.

The subject form will be discontinued after appropriate revisions are completed on Form AC-8 (Reports of Deposits and Related Data) and Form FR 414a (Supplementary Report of Deposits). A supply of these forms will be forwarded to the member banks in the near future when revisions are complete. Also, an appropriate supplement to Regulation D, suitable for insertion in your binder of Bulletins and Regulations, will be forwarded to you in the near future.

Sincerely yours,
T. W. Plant
First Vice President

Enclosures

