



American Revolution Bicentennial

FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

Circular No. 75-163
October 27, 1975

SUPPLEMENT TO REGULATION D

TO ALL MEMBER BANKS IN THE
ELEVENTH FEDERAL RESERVE DISTRICT:

Reference is made to Circular No. 75-159, dated October 20, 1975, regarding the announcement by the Board of Governors of a change in Regulation D reducing the reserve requirements on member bank time deposits with an original maturity of four years or more.

The reserve requirements on time deposits with an original maturity of four years or more were reduced from 3 percent to 1 percent. The new reserve ratio applies to the level of deposits beginning with the week of October 16-22 and will affect required reserves beginning with the statement week of October 30-November 5.

The new Supplement to Regulation D reflecting the reduction in reserve requirements is enclosed. This new Supplement, effective October 16, 1975, should be filed with your copy of Regulation D in your Regulations binder, and the corresponding Supplement, dated May 22, 1975, should be removed and destroyed. If you have any questions regarding Regulation D, please contact C. L. Vick at (214) 651-6333 or E. W. Vorlop, Jr. at (214) 651-6223.

Additional copies of the Supplement to Regulation D will be furnished upon request to the Secretary's Office of this Bank.

Sincerely yours,
T. W. Plant
First Vice President

Enclosure

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

RESERVES OF MEMBER BANKS

SUPPLEMENT TO REGULATION D

As amended effective October 16, 1975

SECTION 204.5—RESERVE REQUIREMENTS

(a) **Reserve percentages.** Pursuant to the provisions of section 19 of the Federal Reserve Act and § 204.2(a) and subject to paragraph (c) of this section, the Board of Governors of the Federal Reserve System hereby prescribes the following reserve balances that each member bank of the Federal Reserve System is required to maintain on deposits with the Federal Reserve Bank of its district.

(1) **If not in a reserve city—**

(i) 3 percent of (a) its savings deposits and (b) its 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; and

(ii) 1 percent of its time deposits outstanding on or issued after October 16, 1975, that have an initial maturity of 4 years or more; 3 percent of its time deposits outstanding on or issued after October 16, 1975, that have an initial maturity of 180 days or more but less than 4 years; 3 percent of its time deposits up to \$5 million, outstanding on or issued after October 16, 1975, that have an initial maturity of less than 180 days, plus 6 percent of such deposits in excess of \$5 million.

Provided, however, that in no event shall the reserves required on its aggregate amount of time and savings deposits be less than 3 percent.

(iii) (a) 7½ percent of its net demand deposits if its aggregate net demand deposits are \$2 million or less, (b) \$150,000 plus 10 percent of its net demand deposits in excess of \$2 million if its aggregate net demand deposits are in excess of \$2 million but less than \$10 million, (c) \$950,000 plus 12 percent of its net demand deposits in excess of \$10 million if its aggregate net demand

deposits are in excess of \$10 million but less than \$100 million, or (d) \$11,750,000 plus 13 percent of its net demand deposits in excess of \$100 million.

(2) **If in a reserve city** (except as to any bank located in such a city that 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) its savings deposits and (b) its 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; and

(ii) 1 percent of its time deposits outstanding on or issued after October 16, 1975, that have an initial maturity of 4 years or more; 3 percent of its time deposits outstanding on or issued after October 16, 1975, that have an initial maturity of 180 days or more but less than 4 years; 3 percent of its time deposits up to \$5 million, outstanding on or issued after October 16, 1975, that have an initial maturity of less than 180 days, plus 6 percent of such deposits in excess of \$5 million.

Provided, however, that in no event shall the reserves required on its aggregate amount of time and savings deposits be less than 3 percent.

(iii) \$50,750,000 plus 16½ percent of its net demand deposits in excess of \$400 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.

(c) **Reserve percentages against certain deposits by foreign banking offices.** Deposits represented by promissory notes, acknowledgments of advance, due bills, or similar obligations described in § 204.1(f) to foreign offices of other banks,⁷ or to institutions the time deposits of which are exempt from the rate limitations of Regulation Q pursuant to § 217.3(g) thereof, shall not be subject to paragraph (a) of this section or to § 204.3(a)(1) and (2); but during each week of the four-week period beginning May 22, 1975, and during each successive four-week ("maintenance")

period, a member bank shall maintain with the Reserve Bank of its district a daily average balance equal to 4 percent of the daily average amount of such deposits during the four-week computation period ending on the Wednesday 15 days before the beginning of the maintenance period. An excess or deficiency in reserves in any week of a maintenance period under this paragraph shall be subject to § 204.3(a)(3), as if computed under § 204.3(a)(2), and deficiencies under this paragraph shall be subject to § 204.3(b).⁸

⁷ Any banking office located outside the States of the United States and the District of Columbia of a bank organized under domestic or foreign law.

⁸ The term "computation period" in § 204.3(a)(3) and (b) shall, for this purpose, be deemed to refer to each week of a maintenance period under this paragraph.