



American Revolution Bicentennial

FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

Circular No. 75-194
December 29, 1975

DECREASE IN RESERVE REQUIREMENTS
ON MEMBER BANK TIME DEPOSITS
WITH AN ORIGINAL MATURITY OF 180 DAYS TO 4 YEARS

TO ALL MEMBER BANKS IN THE
ELEVENTH FEDERAL RESERVE DISTRICT:

There is quoted below the text of a press release issued Wednesday, December 24, 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 180 days to 4 years.

The Board of Governors of the Federal Reserve System today announced another structural change in reserve requirements on member bank time deposits.

Under the action, reserve requirements on time deposits maturing in 180 days to 4 years will be reduced from 3 percent to 2½ percent. In no case, however, may the average of reserves required on the total of time and savings deposits at each bank be less than the 3-percent minimum specified by law. The action will release about \$340 million in reserves to the banking system.

The change is in line with previous Board decisions that are designed to encourage member banks to lengthen the structure of their deposit liabilities. A reduction in reserve requirements from 3 percent to 1 percent on time deposits of 4 years or more was announced by the Board last October 15.

The new ratio of 2½ percent will apply to the level of deposits beginning the week of December 25 and will affect required reserves beginning the week of January 8.

An appropriate supplement to Regulation D, suitable for insertion in your Regulations binder, will be forwarded to you in the near future.

If you have any questions regarding this matter, please contact Allan Y. Neale at (214) 651-6334 or C. L. Vick at (214) 651-6333, or the Accounting Department at our El Paso, Houston, or San Antonio Branch.

Sincerely yours,
T. W. Plant
First Vice President