



American Revolution Bicentennial

**FEDERAL RESERVE BANK OF DALLAS**  
DALLAS, TEXAS 75222

**Circular No. 76-123**  
**September 3, 1976**

**AMENDMENT TO REGULATION A**

**Seasonal Borrowing Privilege**

**TO THE CHIEF EXECUTIVE OFFICER  
OF THE MEMBER BANK ADDRESSED IN THE  
ELEVENTH FEDERAL RESERVE DISTRICT:**

The Board of Governors of the Federal Reserve System has amended Regulation A, liberalizing access to seasonal credit at the Federal Reserve Bank.

This amendment provides that credit will be available to the extent that the member bank's seasonal needs exceed certain percentages of the bank's average total deposits in the preceding calendar year. The member bank will be required to provide for that part of its seasonal need as follows:

- 4 percent of the first \$100 million of deposits
- 7 percent of the second \$100 million of deposits
- 10 percent of any deposits over \$200 million

The minimum period during which the seasonal need for funds must persist has been reduced from eight weeks to four weeks. Some banks that did not previously qualify may now be eligible to borrow under the seasonal credit arrangement. Also, the new guidelines will increase the amount of funds available to most banks that previously qualified.

The Board's press release is printed on the following pages. Member banks and others maintaining a Regulations Binder should file the enclosed amendment to Regulation A in their binders.

Questions regarding the new guidelines for access to seasonal credit or any questions pertaining to the credit facilities of this Reserve Bank should be directed to Leon W. Cowan, Vice President, at (214) 651-6225, or the appropriate Branch officers having responsibility over the Loan Department activities.

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

Sincerely yours,  
T. W. Plant  
First Vice President

**Enclosure**



# FEDERAL RESERVE

press release

For immediate release

August 25, 1976

The Board of Governors of the Federal Reserve System today announced the adoption of rules liberalizing the conditions which govern seasonal borrowing by member banks from the 12 Reserve Banks.

The purpose of the change in Regulation A is to increase the ability of member banks -- particularly smaller banks -- that are subject to significant seasonal loan demand or deposit fluctuations to meet the financial needs of their communities.

The change in rules governing seasonal borrowing was proposed on June 23, 1976. Comment was generally favorable and the revision was adopted as proposed.

The revised regulation permits member banks to be eligible for seasonal credit from the Federal Reserve even though they maintain a portion of their liquid assets in the form of Federal funds (loans of excess reserves to other banks), so long as such holdings conform to the bank's normal operating experience. Heretofore, seasonal credit at the discount window was not available to banks while they were net lenders of Federal funds.

The new rules also liberalize the seasonal borrowing privilege in other ways. Presently, a bank qualifies for seasonal borrowing assistance if its need for funds in its peak season exceeds 5 per cent of average total deposits in the preceding year. The new rules lower this formula to 4 per cent of the first \$100 million and include somewhat higher percentages for larger deposits.

In computing eligibility for seasonal assistance, the revision of discount lending rules reduces from eight to four weeks the minimum period during which the seasonal need must be evident.

The revised seasonal credit arrangement will not normally be available to banks with deposits of \$500 million or more. Smaller banks in agricultural and other areas which are subject to seasonal peaks in credit demands will be the principal beneficiaries of the new seasonal borrowing rules.

# BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

## EXTENSIONS OF CREDIT BY FEDERAL RESERVE BANKS

### AMENDMENT TO REGULATION A†

Effective August 25, 1976, section 201.2(d) is amended to read as follows:

#### SECTION 201.2 — GENERAL PRINCIPLES

\* \* \* \* \*

(d) **Seasonal credit.** Federal Reserve credit is available for longer periods to assist a member bank in meeting seasonal needs for funds arising from a combination of expected patterns of movement in its deposits and loans. Such credit will ordinarily be limited to the amount by which the member bank's seasonal needs exceed certain percentages established by the Board of Governors of the bank's average total deposits in the preceding calendar year. Credit will be available if the Reserve Bank is satisfied that the member

bank's qualifying need for funds is seasonal and will persist for at least 4 weeks. To the extent practicable, member banks should arrange in advance for seasonal credit for the full period during which such credit is expected to be required. In making arrangements for such credit, a Reserve Bank may agree to extend credit for a period of up to 90 days,<sup>1</sup> subject to compliance with applicable requirements of law at the time credit is extended. However, in the event that a member bank's seasonal needs should persist beyond such periods, the Reserve Bank will normally be prepared to consider a request by the member bank for further credit extensions under the seasonal credit arrangements.

\* \* \* \* \*

† For this Regulation to be complete as amended effective August 25, 1976, retain:

- 1) Printed Regulation pamphlet as amended effective April 19, 1973;
- 2) Amendment effective September 25, 1974, to section 201.2(e);
- 3) Amendment effective October 25, 1974, to section 201.3(b); and
- 4) This slip sheet.

<sup>1</sup> As provided in the law and in this Part, the maturity of advances to member banks is limited to 90 days, except as provided in Section 201.3(b) of this Part.