



American Revolution Bicentennial

FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

Circular No. 76-174
December 23, 1976

DECREASE IN RESERVE REQUIREMENTS ON NET DEMAND DEPOSITS

**TO ALL MEMBER BANKS IN THE
ELEVENTH FEDERAL RESERVE DISTRICT:**

There is quoted below the text of a press release issued on December 17, 1976, by the Board of Governors of the Federal Reserve System announcing a reduction in reserve requirements on demand deposits of member banks. The amendments are effective on demand deposits in the week beginning December 16, 1976, and affect reserves held by member banks in the week beginning December 30, 1976.

The Board of Governors of the Federal Reserve System announced today a structural adjustment in reserve requirements on demand deposits. Required reserves will be reduced by about \$550 million as a result of today's move which will reduce reserve requirements of member banks by one-half percentage point on their demand deposits up to \$10 million and by one-quarter percentage point on their demand deposits above that amount. This action will tend to increase the supply of bank credit. The reserve requirement percentages will be as follows:

<u>Net Demand Deposits</u> <u>(In Millions of Dollars)</u>	<u>Present</u> <u>Ratio</u>	<u>New</u> <u>Ratio</u>
0 - 2	7 1/2	7
2 - 10	10	9 1/2
10 - 100	12	11 3/4
100 - 400	13	12 3/4
Over 400	16 1/2	16 1/4

Today's action will apply to net demand deposits held by member banks during the week of December 16-22. Under the lagged reserve system currently in effect, the actual reserves will decline two weeks later, during the week of December 30-January 5.

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 the Accounting Department at our El Paso, Houston, or San Antonio Branch.

Sincerely yours,

Robert H. Boykin

First Vice President