

FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

Circular No. 78-157

November 3, 1978

**SUPPLEMENTARY RESERVE REQUIREMENT ON MEMBER
BANK TIME DEPOSITS IN DENOMINATIONS OF \$100,000
OR MORE AND CERTAIN OTHER MEMBER BANK LIABILITIES**

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

Several specific actions were announced on November 1, 1978, by the Board of Governors of the Federal Reserve System in a joint action with the Treasury Department designed to strengthen the dollar and thereby counter continuing domestic inflationary pressures. One portion of the announcement concerned member bank reserves and involved the establishment of a supplementary reserve requirement--in addition to present member bank reserve requirements--equal to 2 percent of time deposits in denominations of \$100,000 or more and certain other member bank liabilities. The requirement is effective on all outstanding affected deposits beginning Thursday, November 2, 1978, with reserves to be maintained beginning November 16, 1978.

The supplementary 2 percent reserve requirement will apply to a member bank's time deposits of the following types: time deposits in denominations of \$100,000 or more; time deposits in denominations of \$100,000 or more represented by promissory notes, acknowledgements of advance, due bills, or similar obligations (written or oral) as provided in Section 204.1(f) of Regulation D; and time deposits of any denomination represented by ineligible bankers' acceptances or obligations issued by a member bank's affiliate with maturities of 7 years or less to the extent that the proceeds are supplied to the member bank as provided in Section 204.1(f) of Regulation D. The supplementary 2 percent reserve requirement will not apply to savings deposits and Christmas Club-type deposits.

It is expected that the appropriate reporting forms will be supplied to member banks shortly in order to report applicable deposits for the reserve period ending November 8, 1978. An appropriate amendment to Regulation D, suitable for insertion in your Regulations Binder, will be forwarded to you in the near future.

Sincerely yours,

Robert H. Boykin

First Vice President