



FEDERAL RESERVE BANK
OF DALLAS

WILLIAM H. WALLACE
FIRST VICE PRESIDENT

DALLAS, TEXAS 75222

August 21, 1986

Circular 86-75

TO: All depository institutions and
others concerned in the
Eleventh Federal Reserve District

SUBJECT

Discount Rate Change

DETAILS

The Board of Governors of the Federal Reserve System approved action by the Board of Directors of the Federal Reserve Bank of Dallas to decrease by one half of one percent the basic discount rate. The rates for temporary seasonal credit and other extended credit also were decreased by one half of one percent. These actions are effective August 21, 1986.

Printed on the reverse of this circular is a copy of Supplement A to Bulletin 2 which contains the current rate schedule in effect at this Bank. This supplement should be inserted in Volume 1 of the Regulations Binders and the supplement dated July 11, 1986 should be removed.

MORE INFORMATION

For more information, please contact Jesse D. Sanders or Finlay R. Higgins of this Bank's Loan Department, at (214) 651-6240.

Sincerely yours,

A handwritten signature in cursive script that reads "William H. Wallace".

For additional copies of any circular please contact the Public Affairs Department at (214) 651-6289. Banks and others are encouraged to use the following incoming WATS numbers in contacting this Bank (800) 442-7140 (intrastate) and (800) 527-9200 (interstate).

Supplement A

RATES FOR DISCOUNTS AND ADVANCES

The following rates with respect to discounts and advances under the Federal Reserve Act and Regulation A are now in effect at this Bank:

Rates on Discounts and Advances	Per Annum	Effective from
Basic rate: short-term adjustment credit under 201.3(a) and regular seasonal credit under 201.3(b) (1) of Regulation A ¹	5½ %	August 21, 1986
Temporary seasonal credit under 201.3(b) (1) of Regulation A	6%	August 21, 1986
Other extended credit under 201.3(b) (2) of Regulation A (special circumstances credit and credit for institutions under sustained liquidity pressures) ²		
First 60 days	5½ %	August 21, 1986
Next 90 days	6½ %	August 21, 1986
Thereafter	7½ %	August 21, 1986

¹ This is also the discount rate for 90-day commercial paper and other paper eligible for discount.

A rate higher than the basic discount rate will be applied to loans of unusual size which result from a major operating problem at the borrower's facility, unless the problem is clearly beyond the borrower's reasonable control. The new rate will be the highest rate within the structure of discount rates at the time in question.

² At the discretion of the Federal Reserve Bank of Dallas, in cases where credit is anticipated to be outstanding for prolonged periods and in relatively large amounts, the time period for each rate in the extended credit rate structure may be shortened. This Bank also may apply a flexible rate that takes into account rates on market sources of funds. The flexible rate will not be lower than the basic rate plus one percentage point.