



FEDERAL RESERVE BANK
OF DALLAS

ROBERT D. McTEER, JR.
PRESIDENT
AND CHIEF EXECUTIVE OFFICER

February 2, 1996

DALLAS, TEXAS
75265-5906

Notice 96-19

TO: The Chief Executive Officer of each
member bank 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 the basic discount rate by one-fourth of one percentage point. The rate for extended credit was also decreased by one-fourth of one percentage point. These actions became effective January 31, 1996.

Printed on the reverse of this notice is a copy of Supplement A to Bulletin 2 (Operating Circular 2), which contains the current rate schedule in effect at this Bank. This supplement should be inserted in your Bulletins binder, and the supplement dated February 2, 1995, should be removed.

MORE INFORMATION

For more information, please contact John R. Phillips or Finlay R. Higgins at (214) 922-5333. For additional copies of this Bank's notice, please contact the Public Affairs Department at (214) 922-5254.

Sincerely yours,

Robert D. McTeer, Jr.

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: Adjustment credit under 201.3(a) of Regulation A ¹	5%	January 31, 1996
Seasonal credit under 201.3(b) of Regulation A ²	Flexible Rate	January 31, 1996
Extended credit under 201.3(c) of Regulation A ³		
First 30 days.....	5%	January 31, 1996
Thereafter.....	Flexible Rate	January 31, 1996

¹This 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 that 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.

²A flexible rate that takes into account rates on market sources of funds is applied to seasonal credit, but in no case will the rate be less than the discount rate applicable to adjustment credit. See 12 CFR 201.52(a).

³A flexible rate that takes into account rates on market sources of funds ordinarily will be applied to any "extended credit" outstanding for more than 30 days. The flexible rate will not be lower than the basic rate plus one-half percentage point. At the discretion of this Reserve Bank, the 30-day time period for which the basic rate is charged may be lengthened or shortened. See 12 CFR 201.52(b).