

**FEDERAL RESERVE BANK  
OF NEW YORK**

[Circular No. 2485]  
August 18, 1942]

**SUPPLEMENT TO REGULATION D**  
**Reserves Required To Be Maintained By Member Banks**  
**With Federal Reserve Banks**

**Reduction Effective August 20, 1942**

*To all Member Banks in the  
Second Federal Reserve District:*

Enclosed is a printed copy of a supplement to Regulation D, "Reserves of Member Banks", adopted by the Board of Governors of the Federal Reserve System to supersede the existing supplement to Regulation D and to become effective at the opening of business on August 20, 1942.

The Board's statement released for publication on August 19, 1942, with respect to the action taken by the Board, is as follows:

**BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM**

**STATEMENT FOR THE PRESS**

For release in morning newspapers of  
August 19, 1942.

August 18, 1942.

The Board of Governors today announced a reduction in reserve requirements to 24 per cent, from the existing rate of 26 per cent, of net demand deposits for central reserve city member banks in New York and Chicago. The reduction will become effective as of the opening of business on August 20, 1942. This action is in accordance with the Act of July 7, 1942, which gave to the Board the power to change reserve requirements of member banks in central reserve cities without changing requirements for member banks in other cities.

Additional copies of this circular and of the enclosed supplement will be furnished upon request.

**ALLAN SPROUL,**  
*President.*

**BOARD OF GOVERNORS  
OF THE FEDERAL RESERVE SYSTEM**

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**SUPPLEMENT TO REGULATION D**

Effective as to each member bank at the opening of  
business on August 20, 1942

**RESERVES REQUIRED TO BE  
MAINTAINED BY MEMBER BANKS  
WITH FEDERAL RESERVE BANKS**

Pursuant to the provisions of section 19 of the Federal Reserve Act and section 2(a) of its Regulation D, the Board of Governors of the Federal Reserve System hereby prescribes the following reserve balances which each member bank of the Federal Reserve System is required to maintain on deposit with the Federal Reserve Bank of its district:

6 per cent of its time deposits plus—

14 per cent of its net demand deposits if not in a reserve or central reserve city;

20 per cent of its net demand deposits if in a reserve city, except as to any bank located in an outlying district of a reserve city or in territory added to such city by the extension of the city's corporate limits, which, by the affirmative vote of five members of the Board of Governors of the Federal Reserve System, is permitted to maintain 14 per cent reserves against its net demand deposits;

24 per cent of its net demand deposits if located in a central reserve city, except as to any bank located in an outlying district of a central reserve city or in territory added to such city by the extension of the city's corporate limits, which, by the affirmative vote of five members of the Board of Governors of the Federal Reserve System, is permitted to maintain 14 per cent or 20 per cent reserves against its net demand deposits.

The supplements to Regulation D which have previously been issued are hereby revoked and superseded.