

**FEDERAL RESERVE BANK  
OF NEW YORK**

[ Circular No. 3990 ]  
June 25, 1953

**SUPPLEMENT TO REGULATION D**

**Reserves Required To Be Maintained By Member Banks  
With Federal Reserve Banks**

**Reduction in Reserve Requirements**

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

The Board of Governors of the Federal Reserve System has reduced reserve requirements on demand deposits of member banks. The new requirements are set forth in the enclosed copy of the Supplement to Regulation D. Following is the text of the Board's statement on the reduction, released for publication today:

The Board of Governors has reduced reserve requirements on net *demand* deposits of all member banks, as follows:

Effective July 1—from 14% to 13% at country banks.

Effective July 9—from 20% to 19% at reserve city banks, and from 24% to 22% at central reserve city banks.

The present and the new requirements on demand deposits are as follows:

	<i>All member banks</i>	<i>Central reserve city banks</i>	<i>Reserve city banks</i>	<i>Country banks</i>
	(In millions of dollars)			
Present requirements:				
Percentage .....	—	24	20	14
Amount <sup>1</sup> .....	17,229	5,981	6,886	4,362
New requirements:				
Percentage .....	—	22	19	13
Amount <sup>1</sup> .....	16,073	5,482	6,541	4,050

<sup>1</sup> Estimates are based on net demand deposits as of the last half of May, and do not include requirements against time deposits.

This step was taken in pursuance of Federal Reserve policy, designed to make available the reserve funds necessary to meet the essential needs of the economy and to help maintain stability of the dollar. The reduction, releasing an estimated \$1,156,000,000 of reserves, was made in anticipation of the exceptionally heavy demands on bank reserves which will develop in the near future when seasonal requirements of the economy will expand and Treasury financing in large volume is inescapable. The action is intended to provide assurance that these needs will be met without undue strain on the economy and is in conformity with System policy of contributing to the objective of sustaining economic equilibrium at high levels of production and employment.

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

ALLAN SPROUL,  
*President.*

## SUPPLEMENT TO REGULATION D

ISSUED BY THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Effective as to member banks not in reserve and central reserve cities at opening of business on July 1, 1953, and as to member banks in reserve and central reserve cities at opening of business on July 9, 1953

### 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—

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

19 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 13 per cent reserves against its net demand deposits;

22 per cent of its net demand deposits *if 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 13 per cent or 19 per cent reserves against its net demand deposits.

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