

FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 4580]
March 18, 1958]

RESERVE REQUIREMENTS

New Supplement to Regulation D

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

The Board of Governors has reduced by $\frac{1}{2}$ of one per cent the reserves required to be maintained by member banks of the Federal Reserve System against demand deposits. Following is a quotation from the Board's statement on the reduction, released for publication today:

This action will release about \$490 million from present required reserves. For central reserve city banks, the reduction from $19\frac{1}{2}$ per cent to 19 per cent of net demand deposits will release about \$125 million of reserves. At reserve city banks, the reduction from $17\frac{1}{2}$ per cent to 17 per cent will release about \$190 million, and at country banks the change from $11\frac{1}{2}$ per cent to 11 per cent will release approximately \$175 million.

For central reserve city and reserve city banks, the effective date for the new requirements is March 20, 1958, and for country banks, April 1, 1958.

The new requirements are set forth in the enclosed Supplement to Regulation D.

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

ALFRED HAYES,
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 April 1, 1958, and as to member banks in reserve and central reserve cities at opening of business on March 20, 1958.

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:

1. If not in a reserve or central reserve city—
 - (a) 5 per cent of its time deposits, plus
 - (b) 11 per cent of its net demand deposits.

2. 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 the reserves specified in paragraph 1 above)—
 - (a) 5 per cent of its time deposits, plus
 - (b) 17 per cent of its net demand deposits.

3. 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 the reserves specified in paragraph 1 or 2 above)—
 - (a) 5 per cent of its time deposits, plus
 - (b) 19 per cent of its net demand deposits.

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