

FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 7173]
June 29, 1973]

Changes in Discount Rates and Reserve Requirements

*To All Member Banks, and Others Concerned,
in the Second Federal Reserve District:*

The directors of this Bank, with the approval of the Board of Governors of the Federal Reserve System, have increased the Bank's discount rate to 7 percent from 6½ percent, effective Monday, July 2.

Following is the text of a statement issued today by the Board of Governors of the Federal Reserve System:

The Board of Governors of the Federal Reserve System today took two actions designed to restrain continuing excessive expansion in money and credit.

The Board:

— Approved actions by the directors of the Federal Reserve Banks of Boston, New York, Philadelphia, Cleveland, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City, Dallas, and San Francisco increasing the discount rate of those Banks from 6½ percent to 7 percent, effective Monday, July 2.

— Increased reserve requirements on all but the first \$2 million of net demand deposits at member banks by one-half of one percentage point. This action will become effective in the reserve computation period beginning July 19 and will be applicable to the average net demand deposits held in the week beginning July 5 and ending July 11.

The increase in reserve requirements will remove some \$800 million from the reserves that support the deposit and loan structure of banks.

The new reserve requirement structure is:

<i>On net demand deposits of</i>	<i>Reserve percentage applicable</i>
First \$2 million or less	8 percent (unchanged)
Over \$2 million to \$10 million	10½ percent
Over \$10 million to \$100 million	12½ percent
Over \$100 million to \$400 million	13½ percent
Over \$400 million	18 percent

Enclosed is a copy of this Bank's Operating Circular No. 13, regarding discount rates. The Supplement to Regulation D, "Reserves of Member Banks," reflecting the increase in reserve requirements, will be sent to you shortly.

ALFRED HAYES,
President.

FEDERAL RESERVE BANK
OF NEW YORK

[Operating Circular No. 13]
[Revised July 2, 1973]

DISCOUNT RATES

To All Member Banks, and Others Concerned,
in the Second Federal Reserve District:

1. This Bank has established the following new rates, effective July 2, 1973:

A rate of 7 percent per annum on advances to, and discounts for, member banks under sections 13 and 13a of the Federal Reserve Act.

A rate of 7½ percent per annum on advances to member banks under section 10(b) of the Federal Reserve Act.

A rate of 9 percent per annum on advances to individuals, partnerships, and corporations other than member banks under the last paragraph of section 13 of the Federal Reserve Act.

Shown below is the schedule of rates now in effect at this Bank on advances and discounts made under the Federal Reserve Act.

2. This circular supersedes our Operating Circular No. 13, Revised June 11, 1973.

ALFRED HAYES,
President.

Rate Schedule, Effective July 2, 1973

	<i>Percent Per Annum</i>
<i>Advances to and discounts for member banks:</i>	
(a) Advances and discounts under sections 13 and 13a of the Federal Reserve Act	7
(b) Advances under section 10(b) of the Federal Reserve Act	7½
<i>Advances to individuals, partnerships, and corporations other than member banks:</i>	
Advances under last paragraph of section 13 of the Federal Reserve Act	9