

FEDERAL RESERVE BANK  
OF NEW YORK

[ Circular No. 8908 ]  
August 29, 1980

Elimination of "Ineligible Paper"  
Discount Rate Differential

*To All Depository Institutions  
in the Second Federal Reserve District:*

In accordance with the provisions of the Monetary Control Act of 1980, the directors of this Bank, with the approval of the Board of Governors of the Federal Reserve System, have eliminated the one-half percent "penalty" rate with respect to advances at the discount window that are secured by "ineligible paper." The action will become effective September 2, 1980.

Under current rules, advances secured by collateral that is eligible for discount under section 13 of the Federal Reserve Act—principally Government securities or customers' notes maturing in fewer than 90 days—are made at the basic discount rate (now 10%). Advances secured by other collateral (normally longer-term customers' notes or municipal securities) have been made, under section 10(b) of the Federal Reserve Act, at one-half of one percent more than the basic discount rate.

With the elimination of this differential, there will be only one discount rate for all short-term adjustment credit extended by this Bank, effective September 2.

Enclosed is a copy of our Operating Circular No. 13, "Discount Rates," reflecting this change. Our Operating Circular No. 12, setting forth the general terms and conditions and procedures applicable to our extensions of credit accommodations to depository institutions, is also being revised and will be sent to you shortly. Questions regarding advances and discounts may be directed to Eugene P. Emond, Manager, Credit and Discount Department (Tel. No. 212-791-6146), or Arnold Slansky, Chief, Discount Division (Tel. No. 212-791-5395).

ANTHONY M. SOLOMON,  
*President.*

FEDERAL RESERVE BANK  
OF NEW YORK

[ **Operating Circular No. 13**  
Revised effective September 2, 1980 ]

DISCOUNT RATES

*To All Depository Institutions  
in the Second Federal Reserve District:*

1. This Bank has established the following new schedule of rates,  
effective September 2, 1980.

|  | <i>Percent<br/>Per Annum</i> |
|--|------------------------------|
| <b><i>Advances to and discounts for depository institutions:</i></b>   |                              |
| (a) Advances and discounts under sections 13, 13a, and 10(b) of the Federal Reserve Act, except as otherwise provided in this schedule ..... | 10                           |
| (b) Advances for prolonged periods and in significant amounts under section 10(b) of the Federal Reserve Act .....                           | 11                           |
| <b><i>Advances to individuals, partnerships, and corporations other than depository institutions:</i></b>                                    |                              |
| Advances under section 13 (13) of the Federal Reserve Act .....  | 13                           |

2. This circular supersedes our Operating Circular No. 13, Revised July 28, 1980.

ANTHONY M. SOLOMON,  
*President.*