

FEDERAL RESERVE BANK
OF NEW YORK

Circular No. 8967
December 4, 1980

DISCOUNT RATES

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

Effective Friday, December 5, 1980, the directors of this Bank, with the approval of the Board of Governors of the Federal Reserve System, have raised the Bank's discount rate from 12 percent to 13 percent, and have raised the surcharge applicable to larger banks that have a record of frequent use of the discount window from 2 to 3 percent.

The following is quoted from the text of a statement issued today by the Board of Governors:

In light of the current level of market rates and consistent with existing policy to restrain excessive growth in money and credit, the Federal Reserve Board today announced an increase in the basic discount rate from 12 percent to 13 percent, effective Friday, December 5. In addition, the surcharge applicable to larger banks that have a record of frequent borrowing was raised from 2 to 3 percentage points.

In approving the increase, the Board acted on requests from the directors of the Federal Reserve Bank of Atlanta, Cleveland, Kansas City, Minneapolis, New York, Richmond, San Francisco, and St. Louis. The discount rate is the interest rate that is charged for borrowing from the district Federal Reserve banks.

A copy of this Bank's Operating Circular No. 13, regarding discount rates, will be sent to you shortly.

ANTHONY M. SOLOMON,
President.