

FEDERAL RESERVE BANK  
OF NEW YORK

Circular No. 9067  
May 4, 1981

DISCOUNT RATES

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

Effective Tuesday, May 5, 1981, 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 13 percent to 14 percent, and have raised the surcharge applicable to larger banks that have a record of frequent use of the discount window from 3 to 4 percent.

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

The Federal Reserve Board today announced an increase in the basic discount rate from 13 percent to 14 percent and raised the surcharge that applies to large, frequent borrowers from 3 to 4 percent.

These actions, which are effective Tuesday, May 5, were taken in light of the current levels in short-term market interest rates and the need to maintain restraint in growth in the monetary and credit aggregates.

In approving the increases, the Board acted on requests from the directors of the Federal Reserve Banks of Boston, New York, Philadelphia, Cleveland, Richmond, Atlanta, St. Louis, Minneapolis, Kansas City, Dallas, and San Francisco.

The discount rate is the interest rate that is charged for borrowing from the district Federal Reserve Banks. The surcharge applies only to borrowings for short-term adjustment credit by institutions with deposits of \$500 million or more. It is charged when discount borrowing occurs in two or more successive weeks in a calendar quarter or when borrowing takes place in more than four weeks in a calendar quarter.

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

ANTHONY M. SOLOMON,  
*President.*