

**FEDERAL RESERVE BANK
OF NEW YORK**

Circular No. **10190**
September 4, 1987

DISCOUNT RATES

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

Effective today the directors of this Bank, with the approval of the Board of Governors of the Federal Reserve System, have increased the Bank's basic discount rate to 6 percent from 5½ percent.

The following statement has been issued by the Board of Governors regarding the rate change:

The Federal Reserve Board today announced an increase in the discount rate from 5½ percent to 6 percent, effective immediately.

The decision reflects the intent of the Federal Reserve to deal effectively and in a timely way with potential inflationary pressures.

In taking the action, the Board voted on requests submitted by the boards of directors of the Federal Reserve Banks of New York and Cleveland.

This Bank's Operating Circular No. 13, regarding discount rates, will be revised accordingly.

E. GERALD CORRIGAN,
President.

**FEDERAL RESERVE BANK
OF NEW YORK**

Operating Circular No. 13
Revised effective September 4, 1987

DISCOUNT RATES

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

1. This Bank has made the following changes in its rate schedule, effective September 4, 1987:

The rate on advances of adjustment and seasonal credit and discounts under sections 13, 13a, and 10(b) of the Federal Reserve Act has been increased from 5½ percent per annum to 6 percent per annum.

The rate on advances under section 10(b) of the Federal Reserve Act for the first 30 days of extended credit to institutions under sustained liquidity pressures, or for special circumstances, has been increased from 5½ percent per annum to 6 percent per annum.

Shown on the reverse side 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 effective July 30, 1987.

E. GERALD CORRIGAN,
President.

Rate Schedule Effective September 4, 1987

*Percent
Per Annum*

Advances to and discounts for depository institutions:

- (a) Advances of adjustment and seasonal credit and discounts under sections 13, 13a, and 10(b) of the Federal Reserve Act 6*
- (b) Advances under section 10(b) of the Federal Reserve Act of extended credit to institutions under sustained liquidity pressures, or for special circumstances, where credit has been outstanding (including extensions and renewals) for the following periods:
 - Not more than 30 days† 6
 - More than 30 days ‡
- (c) Advances under temporary simplified seasonal credit program pursuant to sections 13 and 10(b) of the Federal Reserve Act. ¶

* In the case of adjustment credit loans determined by this Bank to be unusually large and to arise from a major operating problem at the borrowing institution, this Bank, at its discretion, may charge the highest rate it has established for loans to depository institutions.

† In the case of extended credit that is expected to be outstanding for unusually long periods and in relatively large amounts, the 30-day period prior to the application of the higher flexible rate may be shortened at the discretion of the Federal Reserve Bank of New York.

‡ A flexible rate, somewhat higher than prevailing market interest rates and no less than the basic discount rate plus 50 basis points, will be established for such extensions of credit. The rate on both new and outstanding loans will ordinarily change every two weeks, and may change more frequently should the basic discount rate change in the interim.

¶ Under the program, the borrower has the option of borrowing (i) at the basic discount rate in effect during the period the loan is outstanding (if the discount rate changes during this period, the rate charged on the loan changes accordingly), or (ii) at a rate that, during the time the credit is outstanding, will remain fixed at one-half percentage point higher than the basic discount rate in effect at the time of the loan. No credit under this program will mature later than February 29, 1988, nor will such credit be extended subsequent to September 30, 1987.