

**FEDERAL RESERVE BANK  
OF NEW YORK**

[ Circular No. **10504** ]  
[ December 20, 1991 ]

**DISCOUNT RATES**

*To All Depository Institutions  
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 reduced the Bank's basic discount rate to 3½ percent from 4½ percent, effective immediately.

The following is quoted from a statement issued by the Board of Governors regarding the rate change:

The Federal Reserve Board today announced a reduction in the discount rate by 1 percentage point from 4½ percent to 3½ percent, effective immediately.

The reduction was made on the basis of cumulating evidence, notably monetary and credit conditions, as well as current economic conditions, that point to a receding of inflationary pressures.

This action, together with the cumulative effects already in train from previous actions, should provide the basis for a resumption of sustained economic expansion.

This reduction in part will realign the discount rate with short-term market interest rates.

In making the change, the Board voted on recommendations submitted by the Boards of Directors of the Federal Reserve Banks of New York and Chicago.

A copy of this Bank's Operating Circular No. 13, regarding discount rates, is enclosed.

E. GERALD CORRIGAN,  
*President.*

**FEDERAL RESERVE BANK  
OF NEW YORK**

[ **Operating Circular No. 13**  
Revised effective December 20, 1991 ]

**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 December 20, 1991:

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 reduced from 4½ percent per annum to 3½ 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 reduced from 4½ percent per annum to 3½ 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 November 6, 1991.

**E. GERALD CORRIGAN,**  
*President.*

[Enc. Cir. No. 10504]

(OVER)

## Rate Schedule Effective December 20, 1991

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 .....  | 3½ <sup>a</sup> |
| (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 <sup>b</sup> .....   | 3½              |
| More than 30 days .....  | <sup>c</sup>    |

<sup>a</sup> In the case of adjustment credit advances determined by this Bank to be unusually large and to arise from a major operating problem at the borrowing institution, including but not limited to a computer outage, this Bank, in its discretion, may charge a higher rate. The rate is the highest rate established by this Bank for advances to depository institutions. Currently, such rate is the flexible rate, under paragraph (b) of this schedule, for credit outstanding for more than 30 days (see footnote c).

<sup>b</sup> In the case of extended credit that is expected to be outstanding for unusually long periods and in relatively large amounts, this Bank, in its discretion, may shorten this period.

<sup>c</sup> A flexible rate, somewhat higher than prevailing short-term market interest rates (and no less than the basic discount rate plus 50 basis points), will be established for such extensions of credit. This rate will ordinarily change every two weeks, and the changed rate will apply to both new and outstanding advances of this type. The rate may, under certain circumstances, be changed more frequently than every two weeks. A depository institution may obtain information regarding the current rate by contacting the Loans and Credits Function (Tel. No. 212-720-5394 or 1452).