

FEDERAL RESERVE BANK  
OF NEW YORK

[Circular No. 5951]  
[February 28, 1967]

Reserve Requirements Reduced From 4% to 3% on Certain Time Deposits

*To All Member Banks, and Others Concerned,  
in the Second Federal Reserve District:*

Following is the text of a statement issued today by the Board of Governors of the Federal Reserve System:

The Board of Governors of the Federal Reserve System announced today a reduction in member bank reserve requirements. The action is intended to assist in meeting developing credit needs throughout the country in a manner consistent with the Federal Reserve's policy objectives of assuring that the availability of credit is adequate to provide for orderly economic growth.

Reserve requirements are being reduced from 4 per cent to 3 per cent against savings deposits, Christmas and vacation club accounts, and the first \$5 million of other time deposits at each member bank. The reduction will be made in two equal steps: the first, from 4 to 3½ per cent, will become effective with the reserve computation period beginning March 2, 1967; the second, from 3½ to 3 per cent, will become effective with the reserve computation period beginning March 16, 1967.

It is estimated that the combined effect of these changes will be to reduce required reserves at member banks by about \$850 million—approximately \$500 million at country banks and \$350 million at reserve city banks.

Enclosed are copies of the Supplement to Regulation D, giving effect to the reduction in reserve requirements. Additional copies of this circular and the enclosure will be furnished upon request.

ALFRED HAYES,  
*President.*



## SUPPLEMENT TO REGULATION D

### Section 204.5—Supplement

ISSUED BY THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

(a) **Reserve percentages.**—Pursuant to the provisions of section 19 of the Federal Reserve Act and § 204.2(a) and subject to paragraph (b) of this section, the Board of Governors of the Federal Reserve System hereby prescribes the following reserve balances which each member bank of the Federal Reserve System is required to maintain on deposit with the Federal Reserve bank of its district:

(1) If not in a reserve city—

- (i) 4 per cent of the following deposits until the opening of business on March 2, 1967,  $3\frac{1}{2}$  per cent of such deposits from March 2, 1967 to March 15, 1967, inclusive, and 3 per cent of such deposits thereafter:  
(A) savings deposits and (B) time deposits, open account, that constitute deposits of individuals, such as Christmas club accounts and vacation club accounts, that are made under written contracts providing that no withdrawal shall be made until a certain number of periodic deposits have been made during a period of not less than 3 months; plus
- (ii) 4 per cent of its other time deposits up to \$5 million until the opening of business on March 2, 1967,  $3\frac{1}{2}$  per cent of such deposits from March 2, 1967 to March 15, 1967, inclusive, and 3 per cent of such deposits thereafter; plus 6 per cent of such deposits in excess of \$5 million; plus
- (iii) 12 per cent of its net demand deposits.

(2) If in a reserve city (except as to any bank located in such a city which is permitted by the Board of Governors of the Federal Reserve System, pursuant to § 204.2(a) (2), to maintain the reserves specified in subparagraph (1) of this paragraph)—

- (i) 4 per cent of the following deposits until the opening of business on March 2, 1967,  $3\frac{1}{2}$  per cent of such deposits from March 2, 1967 to March 15, 1967, inclusive, and 3 per cent of such deposits thereafter:  
(A) savings deposits and (B) time deposits, open account, that constitute deposits of individuals, such as Christmas club accounts and vacation club accounts, that are made under written contracts providing that no withdrawal shall be made until a certain number of periodic deposits have been made during a period of not less than 3 months; plus
- (ii) 4 per cent of its other time deposits up to \$5 million until the opening of business on March 2, 1967,  $3\frac{1}{2}$  per cent of such deposits from March 2, 1967 to March 15, 1967, inclusive, and 3 per cent of such deposits thereafter; plus 6 per cent of such deposits in excess of \$5 million; plus
- (iii)  $16\frac{1}{2}$  per cent of its net demand deposits.

(b) **Currency and coin.**—The amount of a member bank's currency and coin shall be counted as reserves in determining compliance with the reserve requirements of paragraph (a) of this section.