

FEDERAL RESERVE BANK OF DALLAS
DALLAS, TEXAS

December 4, 1961

SUPPLEMENT TO REGULATION Q

**To All Member Banks in the
Eleventh Federal Reserve District:**

The Board of Governors of the Federal Reserve System has authorized an increase in the maximum permissible rates of interest payable by member banks on savings deposits and on time deposits and certificates, effective January 1, 1962.

After that date, member banks will be permitted to pay up to 3½ per cent on all savings deposits and on time deposits and certificates of at least six months' term, and up to 4 per cent on like deposits left in the banks for one year or more. The present maximum rate is 3 per cent.

The Board action did not change the maximum permissible rates for time deposits and certificates of less than six months duration. For these, the maximum will continue to be 2½ per cent for time deposits and certificates of 90 days to six months, and 1 per cent for time deposits and certificates of less than 90 days.

The changes were effected by a revision of the supplement to the Board's Regulation Q. A copy of the revised supplement is attached. The action was taken a month in advance of the effective date because many banks, by tradition, use January 1 as the date from which interest on savings deposits is computed.

Member banks are requested to insert the new supplement in their ring binders containing the Regulations of the Board of Governors and the Bulletins of this bank. On January 1, 1962, the present supplement to Regulation Q, effective January 1, 1957, should be destroyed.

Yours very truly,

Watrous H. Irons

President

SUPPLEMENT TO REGULATION Q
SECTION 217.6

**Maximum Rates of Interest Payable on Time and Savings
Deposits by Member Banks**

ISSUED BY THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
EFFECTIVE JANUARY 1, 1962

Pursuant to the provisions of section 19 of the Federal Reserve Act and § 217.3, the Board of Governors of the Federal Reserve System hereby prescribes the following maximum rates¹ of interest payable by member banks of the Federal Reserve System on time and savings deposits:

(a) **Maximum rate of 4 per cent.**—No member bank shall pay interest accruing at a rate in excess of 4 per cent per annum, compounded quarterly,² regardless of the basis upon which such interest may be computed:

(1) On that portion of any savings deposit that has remained on deposit for not less than 12 months,

(2) On any time deposit having a maturity date 12 months or more after the date of deposit or payable upon written notice of 12 months or more,

(3) On that portion of any Postal Savings deposit which constitutes a time deposit that has remained on deposit for not less than 12 months.

(b) **Maximum rate of 3½ per cent.**—No member bank shall pay interest accruing at a rate in excess of 3½ per cent per annum, compounded quarterly,² regardless of the basis upon which such interest may be computed:

(1) On any savings deposit, except as otherwise provided in (a)(1) above,

(2) On any time deposit having a maturity date less than 12 months and not less than 6 months after the date of deposit or payable upon written notice of less than 12 months and not less than 6 months,

(3) On any Postal Savings deposit which constitutes a time deposit, except as otherwise provided in (a)(3) above.

¹ The maximum rates of interest payable by member banks of the Federal Reserve System on time and savings deposits as prescribed herein are not applicable to any deposit which is payable only at an office of a member bank located outside of the States of the United States and the District of Columbia.

² This limitation is not to be interpreted as preventing the compounding of interest at other than quarterly intervals, provided that the aggregate amount of such interest so compounded does not exceed the aggregate amount of interest at the rate above prescribed when compounded quarterly.