

FEDERAL RESERVE BANK OF DALLAS
DALLAS, TEXAS

October 26, 1962

AMENDMENT TO REGULATION Q

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

By Act of Congress approved October 15, 1962 (Public Law 87-827), Section 19 of the Federal Reserve Act (12 U.S.C. 371B) was amended so as to exempt, for a period of three years, deposits of foreign governments and certain foreign institutions from regulation by the Board of Governors as to the rate of interest which member banks may pay on time deposits. The Board has amended Section 217.3 (a) of Regulation Q, which pertains to the rate of interest member banks may pay on time and savings deposits, by adding the following sentence:

During the period commencing October 15, 1962, and ending upon the expiration of three years after such date, the provisions of this paragraph shall not apply to the rate of interest which may be paid by member banks on time deposits of foreign governments, monetary and financial authorities of foreign governments when acting as such, or international financial institutions of which the United States is a member.

These amendments to the law and Regulation Q relate only to the rate of interest that may be paid on such foreign time deposits; such deposits continue to be subject to other requirements of the law and Regulation Q, such as restriction on payment of time deposits before maturity.

A copy of the amendment, effective October 15, 1962, is attached. Member banks are requested to insert the amendment in their ring binders containing the regulations of the Board of Governors and the bulletins of this bank.

Yours very truly,

Watrous H. Irons

President

PAYMENT OF INTEREST ON DEPOSITS

AMENDMENT TO REGULATION Q

ISSUED BY THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Effective October 15, 1962, paragraph (a) of section 217.3 is amended to read as follows:

SECTION 217.3—MAXIMUM RATE OF INTEREST ON TIME AND SAVINGS DEPOSITS

(a) **Maximum rate prescribed from time to time.**—Except in accordance with the provisions of this part, no member bank shall pay interest on any time deposit or savings deposit in any manner, directly or indirectly, or by any method, practice, or device whatsoever. No member bank shall pay interest on any time deposit or savings deposit at a rate in excess of such applicable maximum rate as the Board of Governors of the Federal Reserve System shall prescribe from time to time; and any rate or rates which may be so prescribed by the Board will be set forth in supplements to this part, which will be issued in advance of the date upon which such rate or rates become effective. During the period commencing October 15, 1962, and ending upon the expiration of three years after such date, the provisions of this paragraph shall not apply to the rate of interest which may be paid by member banks on time deposits of foreign governments, monetary and financial authorities of foreign governments when acting as such, or international financial institutions of which the United States is a member.