

FEDERAL RESERVE BANK OF DALLAS
DALLAS, TEXAS

December 6, 1965

SUPPLEMENT TO REGULATION Q

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

Effective December 6, 1965, the Board of Governors of the Federal Reserve System increased the maximum rates that member banks are permitted to pay to $5\frac{1}{2}$ per cent on all time deposits and certificates of deposit having a maturity of 30 days or more. Previously, the maximum rates payable were 4 per cent for time deposits and certificates of 30 to 90 days, and $4\frac{1}{2}$ per cent on those of 90 days or more. No change was made in the 4 per cent maximum rate payable on savings deposits.

The changes were effected by revision of the Supplement to the Board's Regulation Q. A copy of the revised Supplement is attached.

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. The Supplement effective November 24, 1964, 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 DECEMBER 6, 1965

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 5½ percent.**— No member bank shall pay interest accruing at a rate in excess of 5½ per cent per annum, compounded quarterly,² regardless of the basis upon which such interest may be computed, on any time deposit.

(b) **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, on any savings deposit.

¹The 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.

²This 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.