

FEDERAL RESERVE BANK OF DALLAS
DALLAS, TEXAS 75222

Circular No. 68-99
April 19, 1968

AMENDMENT TO REGULATION Q SUPPLEMENT

To All Member Banks

in the Eleventh Federal Reserve District:

Effective April 19, 1968, the Board of Governors of the Federal Reserve System has adopted a new schedule of maximum rates of interest payable by member banks on large denomination certificates of deposit. The change was to raise the maximum rate of interest a member bank may pay on single maturity time deposits of \$100,000 or more, which heretofore has been $5\frac{1}{2}$ per cent, to $5\frac{3}{4}$ per cent, 6 per cent, and $6\frac{1}{4}$ per cent for deposits with maturities of 60 to 89 days, 90 to 179 days, and 180 days or more, respectively. In announcing the change, the Board stated that the principal purpose of the rate increase was to guard against disruption of financial markets that could occur in the event of an undue contraction of such deposits.

Attached is a copy of the amended Supplement to Regulation Q, which becomes effective April 19, 1968. The revised Supplement should be inserted in the ring binder containing the Regulations of the Board of Governors and the Bulletins of this Bank. The Supplement effective September 26, 1966, should be destroyed.

Yours very truly,

P. E. Coldwell
President

Enclosure (1)

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 APRIL 19, 1968

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) SINGLE MATURITY TIME DEPOSITS

(1) **Deposits of \$100,000 or more.** — No member bank shall pay interest on any single maturity time deposit of \$100,000 or more at a rate in excess of the applicable rate under the following schedule:

MATURITY	MAXIMUM PER CENT PER ANNUM
30-59 days	5½
60-89 days	5¾
90-179 days	6
180 days or more	6¼

(2) **Deposits of less than \$100,000.** — No member bank shall pay interest at a rate in excess of 5 per cent per annum on any single maturity time deposit of less than \$100,000.

(B) MULTIPLE MATURITY TIME DEPOSITS

(1) **Deposits payable at intervals of at least 90 days.** — No member bank shall pay interest at a rate in excess of 5 per cent per annum on a multiple maturity time deposit that is payable only 90 days or more after the date of deposit, or 90 days or more after the last preceding date on which it might have been paid.

(2) **Deposits payable at intervals of less than 90 days.** — No member bank shall pay interest at a rate in excess of 4 per cent per annum on a multiple maturity time deposit that is payable less than 90 days after the date of deposit, or less than 90 days (but at least 30 days) after the last preceding date on which it might have been paid.

(C) SAVINGS DEPOSITS

No member bank shall pay interest at a rate in excess of 4 per cent per annum on any savings deposit.

In calculating the rate of interest paid, the effects of compounding of interest may be disregarded. A member bank that elects to compound interest — either at the maximum permissible rate or at a lower rate — shall state the basis of compounding (such as semiannually, quarterly, monthly, weekly, daily, or continuously) in every advertisement, announcement, solicitation, and agreement relating to the rate of interest paid on a deposit.

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.