

FEDERAL RESERVE BANK OF DALLAS
DALLAS, TEXAS 75222

Circular No. 70-62
March 16, 1970

MODIFICATION OF PROPOSED AMENDMENTS TO REGULATIONS D AND Q

To All Member Banks in the
Eleventh Federal Reserve District:

Quoted below is a press release of the Board of Governors of the Federal Reserve System announcing the modification of the Board's proposal to amend Regulations D and Q with respect to subordinated notes and debentures:

"On March 2, 1970, the Board announced a proposal to amend its Regulations D and Q, relating to member bank reserve requirements and interest rate ceilings, in order to bring certain subordinated obligations of member banks within the definition of deposits for purposes of those regulations. (Federal Register for March 10, 1970, 35 F.R. 4307). It was indicated that the proposed amendments would not affect 'any instrument issued before March 9, 1970, that has an original maturity of more than two years, is unsecured, and states expressly that it is subordinated to the claims of depositors.

"In order to alleviate hardships, if any, that might be imposed upon some member banks that had made public offerings of subordinated notes before March 9, 1970, and have not completed the sale of such notes, the Board has concluded that, if the proposed amendments should be adopted, the language above quoted would be changed so that notes of the kind described would not be subject to the regulations if they are issued before the effective date of such amendments and pursuant to a public offering made before March 9, 1970.

"This modification in the proposed amendment will not extend the time for comments beyond the original deadline of April 2, 1970."

The March 2 proposal to amend Regulations D and Q was forwarded to you earlier under our circular No. 70-55.

Yours very truly,

P. E. Coldwell
President