

FEDERAL RESERVE BANK OF DALLAS
DALLAS, TEXAS 75222

Circular No. 70-150
June 23, 1970

SUSPENSION OF RATE CEILINGS ON CERTAIN SHORT TERM
TIME DEPOSITS OF \$100,000 OR MORE
(Regulation Q)

To All Member Banks
in the Eleventh Federal Reserve District:

The following is a press statement of the Board of Governors of the Federal Reserve System issued on June 23, 1970:

"The Board of Governors of the Federal Reserve System today suspended, effective tomorrow (Wednesday, June 24), ceilings on interest rates payable by member banks on certificates of deposit and other single-maturity time deposits in denominations of \$100,000 or more with maturities of 30 through 89 days.

"Prior to the suspension, which will remain in effect until further action by the Board, the ceilings on such deposits had been 6-1/4 percent for maturities of 30-59 days and 6-1/2 percent for maturities of 60-89 days.

"In taking the action, the Board recognized that there could be unusual demands upon commercial banks for short-term credit accommodation as a consequence of current uncertainties in financial markets. If this occurs, such increases in bank loans would not constitute an increase in total credit flows, to the extent that they simply represented a transfer of borrowings from other financing avenues, as for example the commercial paper market.

"Under these circumstances, appropriate accommodations in bank lending, the Board said, would be a constructive element in the process of adjustment to changing financial conditions and would not interfere with the continuing objective of curbing inflation.

"The Board's action was taken after consultation with the Federal Deposit Insurance Corporation and the Federal Home Loan Bank Board.

"No change was made in the ceilings applicable to longer-term certificates of deposit of \$100,000 or more, which remain

at 6-3/4 percent for maturities of 90-179 days, 7 percent for 180 days to one year, and 7-1/2 percent for one year or more. Likewise, no change was made in the ceilings on savings deposits or time deposits (including certificates of deposit) of less than \$100,000, on which the maximum rates payable range from 4-1/2 to 5-3/4 percent."

A copy of the amendment to Regulation Q which implements this change will be forwarded as soon as available.

Yours very truly,

P. E. Coldwell

President