

FEDERAL RESERVE BANK OF DALLAS  
DALLAS, TEXAS 75222

Circular No. 73-149  
June 25, 1973

INTERPRETATION TO REGULATION Q

To All Banks and Others Concerned  
in the Eleventh Federal Reserve District:

On the reverse side is the amended first paragraph of a previous interpretation to Regulation Q, "Interest on Deposits". The original interpretation may be found at Paragraph 3261 of the Board's Published Interpretations (1970 Bulletin 38). The amendment provides for the inclusion of Minbanc Capital Corporation in the meaning of the term "bank" in determining the category of "Federal funds" transactions entered into by member banks that may be classified as nondeposit borrowings. Minbanc Capital Corporation was formed by the American Bankers Association to inject needed capital into minority banks.

Yours very truly,

P. E. Coldwell

President

TITLE 12--BANKS AND BANKING

CHAPTER II---FEDERAL RESERVE SYSTEM

SUBCHAPTER A--BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

PART 217--INTEREST ON DEPOSITS

Paragraph (a) of § 217.137 is amended to read as follows:

(a) Effective February 12, 1970, the Board of Governors has amended § 217.1(f) to narrow the category of "Federal funds" transactions entered into by member banks that may be classified as nondeposit borrowings rather than as deposits. One question that arose in connection with such amendment is the meaning of "bank" as such term is used in the exemption from Regulation Q for obligations in nondeposit form to another bank. Such an exemption has been included in § 217.1(f) since its adoption in 1966. As used in such exemption, "bank" includes a member bank, a non-member commercial bank, a savings bank (mutual or stock), a building or savings and loan association or cooperative bank, the Export-Import Bank of the United States, Minbanc Capital Corp., or a foreign bank. It also includes bank subsidiaries that engage in business in which their parents are authorized to engage and subsidiaries the stock of which is by statute explicitly eligible for purchase by national banks.

By order of the Board of Governors, June 8, 1973.

(Signed) Tynan Smith

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Tynan Smith  
Secretary of the Board

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