

**FEDERAL RESERVE BANK OF DALLAS**

**DALLAS, TEXAS 75222**

Circular 73-176  
July 13, 1973

REGULATION Q  
(Penalty for Early Withdrawals)

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

On July 12, 1973, the Board of Governors of the Federal Reserve System, in response to inquiries, provided the following interpretation of the new provision of Regulation Q covering the penalty imposed for early withdrawal of time deposits:

"As stated in the Board's news release of July 5, 1973, the new penalty provisions [§217.4(d)] amend that part of Regulation Q 'that permits the payment of a time deposit prior to maturity.' These provisions apply to withdrawals of principal and interest before maturity of new but not of previously existing time deposits. (The effective date of the new penalty provisions is July 5, 1973, although the rate changes were effective July 1.)"

Yours very truly,

P. E. Coldwell,

President