FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

Circular No. 74-287
November 1, 1974

AMENDMENT TO REGULATION Q
(Removal of the 150 Item Per Year Limitation on
Negotiable Orders of Withdrawal)

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

Effective October 17, 1974, the Board of Governors of the Federal Reserve System amended its Regulation Q, "Interest on Deposits", to remove the 150 item limitation on the number of Negotiable Orders of Withdrawal (NOWs) that may be accepted by a member bank in Massachusetts and New Hampshire in any one year.

In submitting the amendment for publication in the Federal Register, the Board of Governors made the following statement:

Effective January 1, 1974, the Board of Governors amended Regulation Q (Interest on Deposits) to prescribe rules governing the use of Negotiable Orders of Withdrawal (NOWs) within Massachusetts and New Hampshire as authorized by section 2(a) of P.L. 93-100. These rules include a limitation on the number of NOWs that may be accepted by a member bank from a customer to 150 per year. NOW accounts in other institutions have not been made subject to an item limitation.

Since the adoption of NOW account amendments to Regulation Q, the Board of Governors and the other Federal financial supervisory agencies have conducted a surveillance program designed to monitor NOW account activity. Data received for the first eight months of NOW activity in Massachusetts and New Hampshire since Federal regulations were adopted indicate that NOW account activity has developed in a gradual manner without the wholesale conversion of checking accounts to NOW accounts. On the basis of its evaluation of current NOW account data and pursuant to P.L. 93-100 and the Board's authority under section 19 of the Federal Reserve Act to prescribe rules governing the payment of interest on deposits, the Board has amended Regulation Q to remove the 150 per year limitation on the number of NOWs that may be accepted from a customer by a member bank. As a result of this action, member banks and NOW depositors will be permitted to amend existing NOW account deposit agreements to remove item limitation provisions.

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There was no notice, public participation and deferred effective date with respect to this amendment because such procedure would result in delay that would be contrary to the public interest and serve no useful purpose. See section 262.2(e) of the Board's Rules of Procedure (12 CFR section 262.2(e)).

Enclosed is a copy of the amendment to Regulation Q; additional copies will be furnished upon request.

Yours very truly,

T. W. Plant,

First Vice President

Enclosure

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

INTEREST ON DEPOSITS

AMENDMENT TO REGULATION Q †

Effective October 17, 1974, subparagraph (3) of section 217.5(c) is amended to read as follows:

SECTION 217.5 WITHDRAWAL OF SAVINGS DEPOSITS

* * * * *

(c) **Manner of payment of savings deposits**

(1) Subject to the provisions of subparagraphs (2) and (3) of this paragraph, * * *

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(3) The provisions of this paragraph do not apply to deposits subject to negotiable orders of withdrawal authorized by Federal law to be issued in the states of Massachusetts and New Hampshire.

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† For this Regulation to be complete as amended effective October 17, 1974, retain:

1) Printed Regulation pamphlet containing Regulation Q dated January 1, 1971.
2) Amendment effective September 10, 1973.
3) Amendments effective September 18, 1973.
4) Supplement effective January 1, 1974.
5) Amendments effective January 1, 1974.
6) This slip sheet.