



American Revolution Bicentennial

FEDERAL RESERVE BANK OF DALLAS
DALLAS, TEXAS 75222

Circular No. 75-126
August 27, 1975

CLARIFICATION OF
SECTION 217.3(f) OF REGULATION Q

TO ALL MEMBER BANKS
AND OTHERS CONCERNED IN THE
ELEVENTH FEDERAL RESERVE DISTRICT:

Effective September 1, 1975, Section 217.3(f) of Regulation Q will require that each certificate, passbook, or other document representing a time deposit be printed or stamped with a conspicuous statement indicating that no interest will be paid on the deposit after the maturity date. In the case of a time deposit that is automatically renewable, it should be printed or stamped with a conspicuous statement indicating that the contract will be renewed automatically upon maturity and indicating the terms of the renewal.

We have received several inquiries as to whether, in the case of time deposits that are automatically renewable, all the terms of renewal must be placed in the conspicuous statement. Obviously, it will be difficult, if not impossible, to state all the terms in a short enough manner to meet the above requirement. Therefore, the conspicuous statement may include a reference to the full terms of renewal as set forth in a different portion of the certificate. However, the conspicuous statement should include a brief description of the following:

1. The rate of interest to be paid upon renewal;
(Note: If the bank does not wish to set the rate at the time of the original issuance of the certificate, a statement should be included briefly describing the method to be used in determining the rate upon renewal and stating that this rate may be higher or lower than the original rate.)
2. The frequency and method of compounding; and
3. The length of the period of renewal.

Questions concerning Section 217.3(f) of Regulation Q should be directed to Richard B. West, Regulations Department, Federal Reserve Bank of Dallas, Station K, Dallas, Texas 75222, or you may call collect at (214) 651-6169.

Sincerely yours,

T. W. Plant

First Vice President

RBW: dw: jc

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