



American Revolution Bicentennial

FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

Circular No. 76-74

May 24, 1976

EXTENSION OF PERIOD FOR COMMENTS ON PROPOSED AMENDMENT TO REGULATION Q

Pooling of Funds

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

The Board of Governors of the Federal Reserve System has extended until July 9, 1976 the deadline for filing comments on a proposed amendment to its Regulation Q, "Interest on Deposits," with respect to pooled funds.

As we informed you in our Circular No. 76-40 of March 24, 1976, the period for comments had been scheduled to end on May 10, 1976. The purpose of the proposed amendment was to prohibit member banks from paying interest on pooled funds of \$100,000 or more at a rate above Regulation Q ceilings on deposits of less than \$100,000.

In submitting the extension of the comment period for publication in the FEDERAL REGISTER, the Board made the following statement:

By notice published in the FEDERAL REGISTER of March 15, 1976 (41 FEDERAL REGISTER 10917), the Board of Governors proposed to amend Regulation Q (12 CFR 217) to prohibit member banks from paying interest on time deposits of \$100,000 or more at rates in excess of those established by Regulation Q for deposits of less than \$100,000 where the bank knows or has reason to know that such time deposits consist of funds acquired or solicited for the purpose of pooling such funds primarily to obtain the exemption from interest rate ceilings provided in §217.7(a).

This proposal was based in part upon the belief that the practice of pooling violates Regulation Q interest rate ceiling limitations and upon the belief that pooling may have potentially adverse effects on member and nonmember financial institutions due to potentially disruptive shifts of funds.

Public comments on this proposal were to have been received no later than May 10, 1976. Requests from the public have been received

by the Board to extend the comment period. These requests state that they plan to submit additional economic and statistical data that should prove of assistance to the Board in this matter and that such data will not be available until after May 10, 1976. The Board has reviewed these requests and has decided that it is in the public interest to extend the period for receipt of comments from the public for an additional 60 days. Accordingly, the comment period for receipt of submissions from the public on the Board's proposal of March 8, 1976, to prohibit the payment of interest on pooled funds by member banks in excess of the rate established for deposits of less than \$100,000 is hereby extended to July 9, 1976.

To assist the Board in its consideration of this matter, interested persons are invited to submit relevant data, views, or arguments. Any such material should be submitted in writing to the Secretary, Board of Governors of the Federal Reserve System, Washington, D.C. 20551, and should be received not later than July 9, 1976. All material submitted should include the docket number R-0024. Such information will be made available for inspection and copying upon request, except as provided in §261.6(a) of the Board's Rules Regarding Availability of Information.

Additional copies of this circular will be made available upon request to the Secretary's Office of this Bank (214) 651-6267.

Sincerely yours,

T. W. Plant

First Vice President