

FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

Circular No. 79-111
June 27, 1979

REGULATION Q--INTEREST ON DEPOSITS

Announcement of Rate for Four-year Money Market
Certificates of Deposit

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

Beginning July 1, 1979, member banks are permitted to offer a non-negotiable time deposit with a maturity of four years or more at a rate tied to the average four-year yield on United States Treasury securities. The rate is fixed for the maturity of each four-year deposit, but the ceiling itself varies from month to month. Member banks are permitted to compound and compute interest on this deposit in accordance with any of the methods authorized by Section 217.3 of Regulation Q.

For the month of July 1979, the ceiling rate of 7.60 percent is authorized for commercial banks. This rate is the maximum which banks should pay for the four-year money market certificates sold during the month. Member banks will be advised each month of the maximum ceiling rate for the succeeding month.

Questions regarding Regulation Q should be directed to the Consumer Affairs Section of our Bank Supervision and Regulations Department, Ext. 6171.

Sincerely yours,

Robert H. Boykin

First vice President

Banks and others are encouraged to use the following incoming WATS numbers in contacting this Bank: 1-800-492-4403 (intrastate) and 1-800-527-4970 (interstate). For calls placed locally, please use 651 plus the extension referred to above.