

FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

**Circular No. 80-19
January 29, 1980**

REGULATION Q--INTEREST ON DEPOSITS

**Announcement of Rate for Two and One-half Year
Money Market Certificates of Deposit**

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

Beginning January 1, 1980, member banks are permitted to offer a non-negotiable time deposit with a maturity of two and one-half years or more at a rate tied to the average two and one-half year yield on United States Treasury securities. The rate is fixed for the maturity of each two and one-half 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 February 1980, the ceiling rate of 10.40 percent is authorized for commercial banks. This rate is the maximum which banks should pay for the two and one-half year money market certificates sold during the 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: 1-800-442-7140 (intrastate) and 1-800-527-9200 (interstate). For calls placed locally, please use 651 plus the extension referred to above.