

FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

Circular No. 80-60
March 26, 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 were 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 April 1980, the ceiling rate of 11.75 percent is authorized for commercial banks. Effective March 1, 1980, the Federal Reserve Board, the Federal Deposit Insurance Corporation, the Federal Home Loan Bank Board and the National Credit Union Administration have amended their respective regulations to place a new ceiling of 11.75 percent for commercial banks on the two and one-half year variable rate time deposit. Compounding is still permitted. In following months, the ceiling rate will be the lower of the new fixed ceiling or the rate determined by the variable formula that has been in effect since January.

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.