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## Press Release

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April 06, 2011

### Federal Reserve seeks comment on proposed rule to repeal Regulation Q, which prohibits the payment of interest on demand deposits

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The Federal Reserve Board on Wednesday requested comment on a proposed rule to repeal the Board's Regulation Q, which prohibits the payment of interest on demand deposits by institutions that are member banks of the Federal Reserve System.

The proposed rule would implement Section 627 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, which repeals Section 19(i) of the Federal Reserve Act in its entirety effective July 21, 2011. The repeal of that section of the Federal Reserve Act on that date eliminates the statutory authority under which the Board established Regulation Q.

The proposed rule would also repeal the Board's published interpretation of Regulation Q and would remove references to Regulation Q found in the Board's other regulations, interpretations, and commentary.

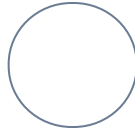
The Board is seeking comment on whether the repeal of Regulation Q is expected to have implications for balance sheets and income of depository institutions, short-term funding markets such as overnight federal funds market, the demand for interest-bearing demand deposits, and competitive burden on smaller depository institutions.

Comments on the proposal must be submitted within 30 days from the date of publication in the *Federal Register*, which is expected shortly.

Federal Register notice: [HTML](#) | [PDF \(61 KB\)](#)

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