

FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 6502]
March 3, 1970]

AMENDED SUPPLEMENT TO REGULATION Q

Maximum Rates Increased on Certain Multiple-Maturity Time Deposits

To the Member Banks of the Second Federal Reserve District:

Following is the text of a statement issued today by the Board of Governors of the Federal Reserve System:

The Board of Governors of the Federal Reserve System announced today an increase in the maximum interest rates member banks may pay on multiple-maturity time deposits of one year or more, bringing them in line with new maximum rates on single-maturity deposits of less than \$100,000.

The new maximum rates are $5\frac{1}{2}$ per cent on multiple-maturity time deposits payable at intervals of one year to two years, and $5\frac{3}{4}$ per cent on such deposits payable at intervals of two years or more. The previous maximum rate was 5 per cent on both types of instruments. For multiple-maturity time deposits maturing in 90 days to one year the maximum rate remains at 5 per cent.

A multiple-maturity time deposit means any time deposit that is payable at the depositor's option on more than one date, for example, by automatic renewal at maturity if the depositor does not withdraw his funds at that time.

On January 20, the Board announced an increase in the maximum rates banks may pay on single-maturity time deposits of one year or more, effective on January 21. The action announced today—effective retroactively to January 21—was taken in view of the convenience to bank customers of the automatic renewal feature and the practice followed by the Federal Home Loan Bank Board in permitting renewal of similar deposits in savings and loan institutions.

The Federal Deposit Insurance Corporation is issuing similar regulations covering insured State nonmember commercial and mutual savings banks and savings banks in Massachusetts not insured by the FDIC.

Enclosed is a copy of the Board's Supplement to Regulation Q, effective January 21, 1970 (as amended February 26, 1970), reflecting the increase in the maximum interest rates on multiple-maturity time deposits of one year or more.

Additional copies of the enclosure will be furnished upon request.

ALFRED HAYES,
President.

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

SUPPLEMENT TO REGULATION Q

Effective January 21, 1970
(as amended February 26, 1970)

SECTION 217.7—MAXIMUM RATES OF INTEREST PAYABLE
BY MEMBER BANKS ON TIME AND SAVINGS DEPOSITS

Pursuant to the provisions of section 19 of the Federal Reserve Act and § 217.3, the Board of Governors of the Federal Reserve System hereby prescribes the following maximum rates¹ of interest per annum payable by member banks of the Federal Reserve System on time and savings deposits:

(a) **Single maturity time deposits.**

(1) **Deposits of \$100,000 or more.** No member bank shall pay interest on any single maturity time deposit of \$100,000 or more at a rate in excess of the applicable rate under the following schedule:

<i>Maturity</i>	<i>Maximum per cent</i>
30-59 days	6¼
60-89 days	6½
90-179 days	6¾
180 days or more but less than 1 year	7
1 year or more	7½

¹ The limitations on rates of interest payable by member banks of the Federal Reserve System on time and savings deposits, as prescribed herein, are not applicable to any deposit which is payable only at an office of a member bank located outside the States of the United States and the District of Columbia.

(2) **Deposits of less than \$100,000.** No member bank shall pay interest on any single maturity time deposit of less than \$100,000 at a rate in excess of the applicable rate under the following schedule:

<i>Maturity</i>	<i>Maximum per cent</i>
30 days or more but less than 1 year	5
1 year or more but less than 2 years	5½
2 years or more	5¾

(b) **Multiple maturity time deposits.** No member bank shall pay interest on a multiple maturity time deposit at a rate in excess of the applicable rate under the following schedule:

<i>Maturity intervals</i>	<i>Maximum per cent</i>
30 days or more but less than 90 days	4½
90 days or more but less than 1 year	5
1 year or more but less than 2 years	5½
2 years or more	5¾

(c) **Savings deposits.** No member bank shall pay interest at a rate in excess of 4½ per cent on any savings deposit.