

FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 6506]
March 13, 1970

Modification of Proposal to Amend Regulations D and Q
Regarding Certain Subordinated Obligations as 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:

On March 2, 1970, the Board announced a proposal to amend its Regulations D and Q, relating to member bank reserve requirements and interest rate ceilings, in order to bring certain subordinated obligations of member banks within the definition of deposits for purposes of those regulations (*Federal Register* for March 10, 1970, 35 F.R. 4307). It was indicated that the proposed amendments would not affect "any instrument issued before March 9, 1970, that has an original maturity of more than two years, is unsecured, and states expressly that it is subordinated to the claims of depositors."

In order to alleviate hardships, if any, that might be imposed upon some member banks that had made public offerings of subordinated notes before March 9, 1970, and have not completed the sale of such notes, the Board has concluded that, if the proposed amendments should be adopted, the language above quoted would be changed so that notes of the kind described would not be subject to the regulations if they are issued before the effective date of such amendments and pursuant to a public offering made before March 9, 1970.

This modification in the proposed amendment will not extend the time for comments beyond the original deadline of April 2, 1970.

A copy of the Board's March 2 proposal was contained in our Circular No. 6501 and sent to you on that date. Additional copies of this circular will be furnished upon request.

ALFRED HAYES,
President.