

FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 6559]
June 23, 1970]

AMENDED SUPPLEMENT TO REGULATION Q
Maximum Rates Suspended on Certain Single-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 today suspended, effective tomorrow (Wednesday, June 24), ceilings on interest rates payable by member banks on certificates of deposit and other single-maturity time deposits in denominations of \$100,000 or more with maturities of 30 through 89 days.

Prior to the suspension, which will remain in effect until further action by the Board, the ceilings on such deposits had been $6\frac{1}{4}$ per cent for maturities of 30-59 days and $6\frac{1}{2}$ per cent for maturities of 60-89 days.

In taking the action, the Board recognized that there could be unusual demands upon commercial banks for short-term credit accommodation as a consequence of current uncertainties in financial markets. If this occurs, such increases in bank loans would not constitute an increase in total credit flows, to the extent that they simply represented a transfer of borrowings from other financing avenues, as for example the commercial paper market.

Under these circumstances, appropriate accommodations in bank lending, the Board said, would be a constructive element in the process of adjustment to changing financial conditions and would not interfere with the continuing objective of curbing inflation.

The Board's action was taken after consultation with the Federal Deposit Insurance Corporation and the Federal Home Loan Bank Board.

No change was made in the ceilings applicable to longer-term certificates of deposit of \$100,000 or more, which remain at $6\frac{3}{4}$ per cent for maturities of 90-179 days, 7 per cent for 180 days to one year, and $7\frac{1}{2}$ per cent for one year or more. Likewise, no change was made in the ceilings on savings deposits or time deposits (including certificates of deposit) of less than \$100,000, on which the maximum rates payable range from $4\frac{1}{2}$ to $5\frac{3}{4}$ per cent.

Enclosed is a copy of the Board's Supplement to Regulation Q, as amended effective June 24, 1970, reflecting the above change.

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

As amended effective June 24, 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>
30-89 days	No maximum presently prescribed
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.