

FEDERAL RESERVE BANK  
OF NEW YORK

[ Circular No. 7183 ]  
July 12, 1973

AMENDMENT AND REVISED SUPPLEMENT TO REGULATION Q  
Interest on Deposits

*To All Member Banks, and Others Concerned,  
in the Second Federal Reserve District:*

Our Circular No. 7177, dated July 5, 1973, contained the text of a statement, issued by the Board of Governors of the Federal Reserve System, announcing an increase in the maximum rates of interest payable by member banks on time and savings deposits, and an amendment to the Board's rules on the payment of time deposits by member banks prior to maturity, and indicated that copies of the amendment and revised Supplement to Regulation Q would be sent to you shortly. Enclosed are copies of the amendment and revised Supplement, giving effect to the above changes.

Additional copies of the enclosures will be furnished upon request.

ALFRED HAYES,  
*President.*

Board of Governors of the Federal Reserve System

INTEREST ON DEPOSITS

AMENDMENT TO REGULATION Q

Effective July 5, 1973, section 217.4(d) is amended to read as follows:

SECTION 217.4—PAYMENT OF TIME  
DEPOSITS BEFORE MATURITY

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(d) **Penalty for early withdrawals.** Where a time deposit, or any portion thereof, is paid before maturity, a member bank may pay interest on the amount withdrawn at a rate not to exceed that currently prescribed in § 217.7 for a savings deposit: *Provided*, That the depositor shall forfeit three months of interest payable at such rate. If, however, the amount withdrawn has remained on deposit for three months or less, all interest shall be forfeited. Where necessary to comply with the requirements of this paragraph, any interest already paid to or for the account of the depositor shall be deducted from the amount requested to be withdrawn.

PRINTED IN NEW YORK

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

SUPPLEMENT TO REGULATION Q

Effective July 1, 1973

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 rates<sup>1</sup> 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.** There is no maximum rate of interest presently prescribed on any single maturity time deposit of \$100,000 or more.

(2) **Deposits of less than \$100,000.** Except as provided in subparagraph (3) of this paragraph, 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 90 days	5
90 days or more but less than 1 year	5½
1 year or more but less than 30 months	6
30 months or more	6½

(3) **Deposits of \$1,000 or more with maturities of 4 years or more.** There is no maximum rate of interest presently prescribed on any single maturity time deposit of \$1,000 or more with a maturity of 4 years or more.

(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	5
90 days or more but less than 1 year	5½
1 year or more but less than 30 months	6
30 months or more	6½

(c) **Savings deposits.** No member bank shall pay interest at a rate in excess of 5 per cent on any savings deposit.

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<sup>1</sup> 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.