

**FEDERAL RESERVE BANK  
OF NEW YORK**

AT-9360  
September 10, 1982

**Reminder of Possible Ceiling Interest Rate Changes on Time Deposits**

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

Ceiling rates on the newly established 7- to 31-day time deposit account, 91-day certificate and 26-week Money Market Certificate (MMC) are tied to the auction rates on Treasury bills. If the Treasury bill auction rates fall below certain levels for four consecutive weeks, alternate rules determine the ceiling rates that will apply to deposit instruments issued or renewed during the relevant period. The alternate ceilings for each deposit instrument are described below.

On the 7- to 31-day time deposit account, the interest rate ceiling will be suspended when the discount rate on three-month Treasury bills is 9 percent or below for the four most recent auctions. The interest rate ceiling would be reinstated when the three-month Treasury bill rate rises above 9 percent for one auction. During the period when the ceiling is suspended, institutions offering a 7- to 31-day time deposit are free to establish any interest rate on new or renewed accounts.

On the 91-day certificate, the 25-basis-point differential between the ceiling rates for commercial banks and thrift institutions will not apply whenever the three-month Treasury bill discount rate (which is the ceiling rate for thrifts) is 9 percent or below for the four most recent auctions. The interest rate differential would be reinstated when the three-month Treasury bill auction rate rises above 9 percent for one auction. All institutions offering the 91-day certificate may pay the thrift rate on deposits made or renewed during the period during which there is no differential.

Ceiling rates on the MMC are tied to the auction rates on six-month Treasury bills. The following schedule shows the ceiling rates that apply when the auction rate or the four-week average auction rate is 8.75 percent or below.

<i>Bill Rate or Four-Week Average Bill Rate</i>	<i>Interest Rate Ceiling</i>
<i>Commercial Banks</i>	
7.50 percent or below .....	7.75 percent
Above 7.50 percent .....	The higher of the bill rate or four-week average bill rate plus one-quarter of one percentage point.
<i>Mutual Savings Banks and Savings and Loan Associations</i>	
7.25 percent or below .....	7.75 percent
Above 7.25 percent, but below 8.50 percent .....	The higher of the bill rate or four-week average bill rate plus one-half of one percentage point.
8.50 percent or above, but below 8.75 percent ....	9 percent
8.75 percent or above .....	The higher of the bill rate or four-week average bill rate plus one-quarter of one percentage point.

(OVER)

Our telephone information number provides further details on the applicable ceiling rates under the alternate rules. The telephone information number is (212) 791-6125. A shorter message giving just the most recent ceiling rates in provided on (212) 791-6800.

The telephone message will be updated as soon as possible after new rates are announced or after action is taken by the Depository Institutions Deregulation Committee (DIDC).

Questions on these and other matters relating to interest rate ceilings, deposit categories, or DIDC actions may be directed to our Regulations Division (Tel. No. 212-791-5356) during normal business hours.

STEPHEN G. THIEKE,  
*Vice President.*