

**FEDERAL RESERVE BANK  
OF NEW YORK**

Circular No. 9524  
July 11, 1983

**DEPOSITORY INSTITUTIONS DEREGULATION COMMITTEE  
Elimination of Most Interest Rate Ceilings on Time Deposits**

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

The Depository Institutions Deregulation Committee (DIDC) has acted to remove most of the remaining Regulation Q ceilings on time accounts, effective October 1, 1983. Following is the text of a statement issued July 1 by the DIDC on this matter:

At its June 30 meeting the Depository Institutions Deregulation Committee (DIDC) voted to eliminate all remaining interest rate ceilings and other regulations on time deposits except for (1) a minimum early withdrawal penalty of one month's interest for accounts of one year or less in maturity and three months' interest for accounts of longer maturities, and (2) the existing rules of the agencies requiring a one percent differential between a loan rate and the rate on a time deposit securing the loan.

A minimum denomination of \$2,500 was established for time deposit accounts with a maturity of 31 days or less.

As a result the only accounts for which fixed rate ceilings will apply after October 1 will be Passbook Savings and regular NOW accounts.

The new regulations will become effective on October 1, 1983 only for monies deposited in accounts on or after that date.

In a separate action the DIDC agreed to have the Chairman forward a letter to the Congress recommending the expeditious elimination of the current statutory prohibition on the payment of interest on demand deposits.

The next quarterly meeting of the DIDC will be on Friday, September 16, 1983 at 10:00 a.m.

Additional information regarding this matter will be sent to you as soon as it becomes available.

ANTHONY M. SOLOMON,  
*President.*