

FEDERAL RESERVE BANK  
OF NEW YORK

[ Circular No. 5240 ]  
October 16, 1962 ]

Three-Year Exemption From Interest Rate Limitation  
on Certain Foreign Deposits

*To the Member Banks of the  
Second Federal Reserve District:*

The following statement was made public today by the Board of Governors of the Federal Reserve System:

By Act of Congress approved October 15, 1962 (Public Law 87-827), section 19 of the Federal Reserve Act (12 U.S.C. 371b) was amended so as to exempt, for a period of three years, deposits of foreign governments and certain foreign institutions from regulation by the Board of Governors as to the rate of interest which member banks may pay on time deposits. The Board has amended section 217.3(a) of Regulation Q, which pertains to the rate of interest member banks may pay on time and savings deposits, by adding the following sentence:

During the period commencing October 15, 1962, and ending upon the expiration of three years after such date, the provisions of this paragraph shall not apply to the rate of interest which may be paid by member banks on time deposits of foreign governments, monetary and financial authorities of foreign governments when acting as such, or international financial institutions of which the United States is a member.

These amendments to the law and Regulation Q relate only to the rate of interest that may be paid on such foreign time deposits; such deposits continue to be subject to other requirements of the law and Regulation Q, such as restriction on payment of time deposits before maturity.

Copies of the Amendment to Regulation Q will be mailed to you at a later date.

ALFRED HAYES,  
*President.*