

Federal Reserve Bank of San Francisco
101 Market Street, San Francisco, California 94105

July 21, 2011

To State Member Banks, Bank
Holding Companies, Financial Holding
Companies, and Foreign Bank Offices
in the Twelfth Federal Reserve District

Federal Reserve Issues Final Rule to Repeal Regulation Q, Which Prohibited the Payment of Interest on Demand Deposits

The Federal Reserve Board on July 14, 2011 announced the approval of a final rule to repeal its Regulation Q, which prohibits the payment of interest on demand deposits by institutions that are member banks of the Federal Reserve System.

The final rule implements Section 627 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, which repeals Section 19(i) of the Federal Reserve Act in its entirety effective July 21, 2011. The repeal of that section of the Federal Reserve Act on that date eliminates the statutory authority under which the Board established Regulation Q.

The rule also repeals the Board's published interpretation of Regulation Q and removes references to Regulation Q found in the Board's other regulations, interpretations, and commentary.

The Board's notice for the final rule is attached.

Additional Information

All circulars and documents are available on the Internet through the Federal Reserve Bank of San Francisco's website, at <http://www.frbsf.org/banking/letters>.

For additional information, please contact:

Federal Reserve Bank of San Francisco
Banking Supervision and Regulation
(415) 974-2136

Attachment: *Federal Register* notice: [HTML](#) | [PDF](#)