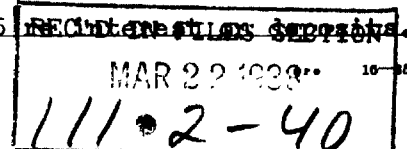


Office Correspondence

FEDERAL RESERVE
BOARDDate May 3, 1935.To Governor EcclesSubject: Provisions of Banking ActFrom Mr. Wyatt, General Counselof 1935 ~~Interest on deposits~~

Inasmuch as you may wish to have the matter corrected in the Senate, I feel that I should invite your attention to certain inequalities between member banks and insured nonmember banks which may result from the provisions of the Banking Act of 1935 regarding the payment of interest on deposits.

You will recall that section 323(c) of the bill contained a provision requiring insured nonmember banks to comply with the provisions of the Federal Reserve Act and the Board's regulations regarding the payment of interest on deposits.

The House struck out this provision and inserted in Title I a provision authorizing the Federal Deposit Insurance Corporation to issue regulations on this subject governing insured nonmember banks.

However, these provisions are not the same as the provisions of the Federal Reserve Act governing the payment of interest on deposits by member banks and may result in a lack of competitive equality between the member banks and insured nonmember banks.

There is attached for your information a memorandum prepared by Mr. Owens of this office pointing out how it might operate.

Respectfully,

A handwritten signature in cursive script, reading "Walter Wyatt".

Walter Wyatt,
General Counsel.

Memo. attached.

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