

**FEDERAL DEPOSIT  
INSURANCE CORPORATION**

**WASHINGTON, D. C.**

**RULES AND REGULATIONS**



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FEDERAL REGULATIONS**

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## CHAPTER III—FEDERAL DEPOSIT INSURANCE CORPORATION<sup>1</sup>

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### PART 301—BANK OBLIGATIONS PRESCRIBED AS DEPOSITS

**Section 301.1 Deposits.** The term "deposit" as used in subsection (c), paragraph (12) of section 12B of the Federal Reserve Act, as amended (12 U. S. C. 264 (c) (12)), shall include the following obligations:

(a) **Outstanding drafts, cashier's checks and other officer's checks.** Outstanding drafts,<sup>2</sup> cashier's checks, and other officer's checks issued under any of the following circumstances:

- (1) For money or its equivalent received by the issuing bank; or
  - (2) For a charge against a deposit account in the issuing bank;
- or
- (3) In settlement of checks, drafts, or other instruments forwarded to the issuing bank for collection.

(b) **Certified checks.** Checks drawn against a deposit account and certified by the drawee bank.

(c) **Traveler's checks and letters of credit.** Outstanding traveler's checks or letters of credit on which the bank is primarily liable issued under either of the following circumstances:

- (1) For money or its equivalent received by the issuing bank; or
- (2) For a charge against a deposit account in the issuing bank.

(d) **Money or its equivalent.** Under paragraphs (a) and (c) of this section drafts, cashier's checks and other officer's checks, traveler's checks and letters of credit must be regarded as issued for the equivalent of money when issued in exchange for checks or drafts or for promissory notes upon which the person procuring any of the enumerated instruments is primarily or secondarily liable.

<sup>1</sup> For table of statutory and source citations, see appendix A. Booklets of instructions for preparing certified statements, reports of condition, and reports of earnings and dividends may be obtained from the Federal Deposit Insurance Corporation, upon request.

<sup>2</sup> Drafts drawn on foreign correspondents or foreign branches and payable only in foreign countries are not included in the term "deposit."

## PART 302—ASSESSMENTS

Sec.

302.1 Classes of uncollected items eligible for deduction.

302.2 Periods of deduction for uncollected items.

Sec.

302.3 Payment of assessments by banks whose insured status has terminated.

**Section 302.1 Classes of uncollected items eligible for deduction.** The term "item" as used in this part means any instrument providing for the payment of money. In computing the bank's assessment base, items may be deducted by the bank of deposit from the total amount of the bank's liability for deposits during the periods prescribed by § 302.2: Provided, That they were included in the bank's liability for deposits and, Provided further, That they were received in the usual course of business pursuant to an agreement under which the bank has given or is obligated to give credit to a commercial, checking, savings, time or thrift account, and that the drawee or the payor of the item is a bank or person other than the bank of deposit. The bank may deduct such uncollected item without regard to whether withdrawal has been made against the credit given or agreed to be given therefor. No item shall be deducted except in accordance with the provisions of this section.

**302.2 Periods of deduction for uncollected items—(a) Local item.** A local item shall be eligible for deduction for a period not to exceed one (1) day. The term "local item" does not include items which are not available for two or more days under the current Time Schedules of the Federal Reserve bank or branch thereof for the city in which the bank of deposit is located.

**(b) Out-of-town item.** An out-of-town item shall be eligible for deduction for a period not to exceed the time which would be necessary to send the item in due course to the Federal Reserve bank of the Federal Reserve district or the branch of the sub-district thereof in which the bank of deposit is located, plus the time allowed for collection from the place where the item is payable, as shown on the current Time Schedule of such Federal Reserve bank or branch thereof: Provided, That no item shall be deducted after the bank has had advice that the item has been paid or dishonored.

**(c) Items credited to deposit account in bank or branch located outside of any Federal Reserve district.** In the case of an insured bank or branch located outside of any Federal Reserve district an item credited to a deposit account subject to final payment which is drawn on a bank located in a place other than the place where the bank of deposit is located may be claimed as a deduction for the period between the date the item is credited to the deposit account and the date of receipt (in the usual course of business) by the correspondent bank to which the item is forwarded for collection, plus the collection time allowed by the Federal Reserve time schedule for the district in which the correspondent bank is located, or, where collection time is not included in the Federal Reserve time schedule, plus the actual collection time: Provided, That the bank of deposit maintains analyses of its accounts and determines periodically the

amount of uncollected transit items contained in the credit balance of each deposit account at all times and, Provided further, That no deduction for such transit items shall be permitted in an amount in excess of the balance in the individual account to which such items have been credited. If the bank of deposit does not maintain such analyses, it shall be permitted to claim deductions for such items for a period not to exceed the collection time allowed by the current Federal Reserve time schedule for the district in which the correspondent bank is located, the same as if the bank of deposit were located in the same place, plus an allowance of one day for transmission to such correspondent, or, where the collection time is not included in the Federal Reserve time schedule, for the time required by the correspondent bank to make the collection, plus an allowance of one day for transmission to such correspondent.

(d) **Construction of section.** This section is not to be construed as requiring any bank to clear items through any Federal Reserve bank or branch thereof.

**302.3 Payment of assessments by banks whose insured status has terminated—**(a) **Assumed deposits of terminating bank become deposits of assuming bank.** The deposit liabilities of an insured bank, if assumed by another insured bank, will, except to the extent that depositors of the first bank by affirmative action signify their express intention to hold the first bank liable as a debtor, be presumed for assessment purposes to cease being deposit liabilities of the first bank on the date the assumption becomes effective: Provided, That the requisite notice of assumption be given to the depositors of the terminating bank. The assumed deposits, for assessment purposes, are deposit liabilities of the assuming bank from the date of assumption, whether or not the requisite notice of assumption has been given to the depositors.

(b) **Payment of assessments by assuming bank on assumed deposits of terminating bank.** Where the deposit liabilities of an insured bank are assumed by another insured bank and the assuming bank agrees to file the certified statement which the terminating bank is required to file, the filing of such certified statement and the payment of the assessment thereon by the assuming bank shall be deemed the acts of the terminating bank: Provided, That the requisite notice of assumption be given to the depositors of the terminating bank and, Provided further, That such certified statement shall be filed separately from that required to be filed by the assuming bank.

(c) **Resumption of insured status before insurance of deposits ceases.** If a bank whose insured status has been terminated under paragraphs (1) or (2) of subsection (i) of section 12B of the Federal Reserve Act, as amended (12 U. S. C. 264 (i) (1) and (2)), makes application to the Corporation, before the insurance of its deposits shall have ceased, to be permitted to continue or to resume its status as an insured bank and if the board of directors grant the application, the bank will be deemed, for assessment purposes, to continue as an insured bank and must thereafter furnish certified statements and pay assessments as though its insured status had not been terminated.

**PART 303—ADVERTISEMENT OF MEMBERSHIP**

Sec.

**303.0 Scope.****303.1** Mandatory requirements with regard to the official sign and its display.**303.2** Mandatory requirements with regard to the official advertising statement and manner of use.

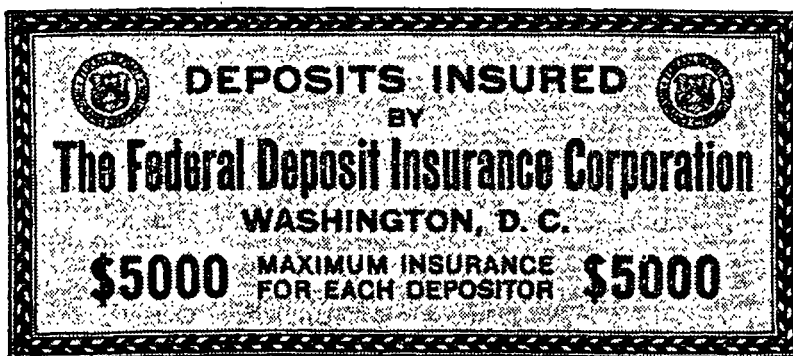
Sec.

**303.3** Approved emblem and approved short title which insured banks may use at their option.**303.4** Penalties.

**Section 303.0 Scope.** The regulation contained in this part prescribes the requirements with regard to the official sign insured banks must display and the requirements with regard to the official advertising statement insured banks must include in advertisements relating to deposits. It also prescribes an approved emblem and an approved short title which insured banks may use at their option. It imposes no limitations on other proper advertising of insurance of deposits by insured banks and does not apply to advertisements published in foreign countries by insured banks which maintain offices in such foreign countries in which offices the deposits are not insured.

**303.1 Mandatory requirements with regard to the official sign and its display—**(a) **Insured banks to display official sign.** Each insured bank shall continuously display on and after October 11, 1935, for so long as it continues to be an insured bank, an official sign as hereinafter prescribed at each station or window where insured deposits are usually and normally received in its principal place of business and in all its branches: Provided, That no bank becoming an insured bank after October 11, 1935, shall be required to display such official sign until twenty-one (21) days after its first day of operation as an insured bank. The official sign may be displayed by any insured bank prior to the date display is required.

(b) **Official sign.** The official sign referred to in paragraph (a) of this section shall be seven inches by three inches in size, and shall be of the following design:



Any insured bank may procure official signs from the Corporation or may use any other sign of the same size, wording and appearance

which shall have been approved in writing by the Corporation as conforming to the requirements of this section. Such approval will be given only in individual cases where the official sign does not harmonize with the bank's counters or fixtures or where it cannot be adequately displayed because of the type of construction of the bank's counters or fixtures.

The Corporation shall furnish to banks an order blank for use in procuring the official signs. Any bank which promptly, after receipt of the order blank, fills it in, executes it, and properly directs and forwards it to the Federal Deposit Insurance Corporation, Washington, D. C., shall not be deemed to have violated this regulation on account of not displaying an official sign or signs, unless the bank shall omit to display such official sign or signs after same have been tendered to the bank through the instrumentality of the United States mail or otherwise.

**(c) Insured bank forbidden to receive deposits at same window or station as noninsured bank.** Where two or more banks receive deposits in the same office or offices, each bank operating as an insured bank and doing business in such office or offices is forbidden on and after October 11, 1935, or, in the case of a bank becoming an insured bank after October 11, 1935, after its first day of operation as an insured bank, to receive deposits at any window or station where any noninsured bank receives deposits.

**(d) Change in wording of official sign.** Pursuant to written notice from the Corporation given to insured banks at least thirty (30) days prior to any date the Corporation specifies, provided on such date special circumstances exist, with regard to particular banks, making a change in the wording of the official sign to be used desirable, each insured bank receiving such notice shall on and after the date specified in such notice change its official sign or signs in accordance with the requirements of this Corporation.

**303.2 Mandatory requirements with regard to the official advertising statement and manner of use—**(a) Insured banks to include official advertising statement in advertisements of types enumerated. Each insured bank shall include the official advertising statement, prescribed in paragraph (b) of this section, in advertisements issued or caused to be issued by it after November 20, 1936, of the types enumerated in paragraph (c) of this section as being of the class in which the official advertising statement is required to be included.

No bank which becomes an insured bank after October 26, 1936, is required to include the official advertising statement in such advertisements until sixty (60) days after its first day of operation as an insured bank.

In cases where the board of directors of the Federal Deposit Insurance Corporation shall find the application to be meritorious, that there has been no neglect or wilful violation in the observance of this paragraph, and that undue hardship will result by reason of its requirements, the board of directors may grant a temporary exemption from its provisions to a particular bank upon its written application setting forth the facts.

In cases where advertising copy not including the official advertising

statement is on hand on the date the requirements of this paragraph become operative, the insured bank may cause the official advertising statement to be included by use of a rubber stamp or otherwise.

(b) **Official advertising statement.** The official advertising statement shall be in substance as follows: "MEMBER OF THE FEDERAL DEPOSIT INSURANCE CORPORATION." The word "the" or the words "of the" may be omitted. The words "This bank is a" or the words "This institution is a" or the name of the insured bank followed by the words "is a" may be added before the word "member".

(c) **Types of advertisements requiring official advertising statement.** The following is an enumeration of the types of advertisements which, when issued or caused to be issued by an insured bank, shall, in accordance with the requirements of paragraph (a) of this section, include the official advertising statement:

(1) Statements of condition and reports of condition of an insured bank except those required to be published by State or Federal law;

(2) All calendars;

(3) Institutional advertisements published in a newspaper, magazine, or other periodical, bill board advertisements, posters, street car or bus displays, signs, plates, pamphlets, circular letters, leaflets, novelty and specialty advertisements, pay roll envelopes, display advertisements in directories such as telephone, bank, and city directories, and advertisements made by radio or reproduced on the picture screen in theaters: Provided, That of the types of advertisements listed in this subparagraph the following shall be exempt from the requirement of including the official advertising statement:

(i) Bank supplies such as stationery (except when used for circular letters), envelopes, deposit slips, checks, drafts, signature cards, deposit pass books, certificates of deposit, etc.;

(ii) Signs or plates in the banking offices or attached to the building or buildings in which the banking offices are located;

(iii) Listings in directories whether in bold face or other type;

(iv) Advertisements not setting forth the name of the insured bank;

(v) Advertisements not containing any advertising relating to the insured bank in addition to any or all of the following, its name, telephone number, address, announcement of membership in the Federal Reserve System, and subject matter specifically excluded under exemptions (vi) through (xvii);

(vi) Advertisements relating to the making of loans by the bank or loan services;

(vii) Advertisements relating to safe keeping box business or services;

(viii) Advertisements relating to trust business or trust department services;

(ix) Advertisements relating to real estate business or services;

(x) Advertisements relating to armoured car services;

(xi) Advertisements relating to service charges or analysis charges;

(xii) Advertisements relating to securities business or securities department services;

(xiii) Display advertisements in bank directory on a page on which there are bank listings whether in bold face or other type, provided the name of the insured bank appears on some page of the listings in the



directory, and provided there appears on each page of the directory containing listings a symbol or other descriptive matter indicating the banks which are members of the Federal Deposit Insurance Corporation;

(xiv) Advertisements relating to travel department business, including traveler's checks on which the bank issuing or causing to be issued the advertisement is not primarily liable;

(xv) Joint or group advertisements of banking service where the names of insured and non-insured banks are listed and form a part of such advertisements;

(xvi) Advertisements relating to Savings Bank Life Insurance;

(xvii) Advertisements by radio which do not exceed thirty (30) seconds in time.

(d) **Other types of advertisements need not include official advertising statement.** Insured banks are not required to include the official advertising statement in any type of advertisements other than those enumerated in paragraph (c) as being of the class in which such statement is required to be included.

(e) **Outstanding bill board advertisements.** Where an insured bank has bill board advertisements outstanding, not excluded under exemptions (i) through (xvii) in paragraph (c) (3) of this section and has direct control of such advertisements either by possession or under the terms of a contract, it shall, if it can do so consistently with its contractual obligations, cause the official advertising statement to be included therein at such time as it would have been required to include the official advertising statement had the advertisement been newly issued rather than previously outstanding.

**303.3 Approved emblem and approved short title which insured banks may use at their option—**(a) **Emblem.** The only emblem approved for use by insured banks, when reference therein is made to deposit insurance or membership in the Corporation, is the one reproduced below:



(b) **Short title.** The following short title is approved for use by insured banks only on signs or plates attached to the outside of the bank building: "MEMBER OF FDIC".

(c) **Use of emblem or short title.** No insured bank is required to use the emblem or short title to any extent whatsoever. If any insured bank desires to use the emblem, it may do so in any of its advertisements and on any of its bank supplies. Since the approved emblem contains the official advertising statement in the outside circle, its use in the type of advertisements listed in § 303.2 (c) will satisfy the mandatory requirements of that section.

Any insured bank may, in addition to the requirements of this part, use any proper advertising of insurance of its deposits. For example, as an addition to the official advertising statement, any insured bank may, at its option, use the following in any of its advertisements:

"Deposits in this bank are insured with maximum insurance of \$5,000 for each depositor"

Further, in the case of display signs in the banking offices which, under the provisions of this part, are not required to include the official advertising statement, any insured bank may use, for example, any of the following:

(1) "The Federal Deposit Insurance Corporation insures deposits in this bank with \$5,000 maximum insurance for each depositor."

(2) "Deposits in this bank are insured by the Federal Deposit Insurance Corporation with \$5,000 maximum insurance for each depositor."

(3) Electric sign or other display reproductions of the official sign.

**303.4 Penalties.** No bank will violate any provision of paragraph (2) of subsection (v) of section 12B of the Federal Reserve Act, as amended (12 U. S. C. 264 (v) (2)), or any provisions of this part if it complies with the provisions of §§ 303.1 and 303.2. No penalty will be imposed for any violation of the provisions of this part until the bank has been given an opportunity to be heard before the board of directors of the Federal Deposit Insurance Corporation.

## PART 304—PAYMENT OF DEPOSITS AND INTEREST THEREON BY INSURED NONMEMBER BANKS

**Sec.**  
**304.0 Scope.**  
**304.1 Definitions.**  
**304.2 Demand deposits.**  
**304.3 Maximum rate of interest on time and savings deposits.**  
**304.4 Payment of time deposits before maturity.**

**Sec.**  
**304.5 Notice of withdrawal of savings deposits.**  
**304.6 Maximum rates of interest payable on time and savings deposits by insured nonmember banks.**

**Section 304.0 Scope.** The regulation contained in this part relates to the payment of deposits and interest thereon by insured nonmember banks. This part is not applicable to banks which are members of the Federal Reserve System. Regulation Q (12 CFR Part 217), prescribed by the Board of Governors of the Federal Reserve System for banks which are members of that System, is not

applicable to insured banks which are not members of the Federal Reserve System, except to the extent that the State law of a particular State provides otherwise. The provisions of this part do not apply to mutual savings banks or to any deposit in a bank located outside of, or payable only at a bank's office which is located outside of, the States of the United States and the District of Columbia.

**304.1 Definitions—(a) Demand deposits.** The term "demand deposit" includes every deposit which is not a "time deposit" or "savings deposit," as defined below.

**(b) Time deposits.** The term "time deposits" means "time certificates of deposit" and "time deposits, open account," as defined below.

**(c) Time certificates of deposit.** The term "time certificate of deposit," means a deposit evidenced by a negotiable or nonnegotiable instrument which provides on its face that the amount of such deposit is payable:

(1) On a certain date, specified in the instrument, not less than thirty (30) days after the date of the deposit; or

(2) At the expiration of a specified period not less than thirty (30) days after the date of the instrument; or

(3) Upon written notice to be given not less than thirty (30) days before the date of repayment.<sup>3</sup>

**(d) Time deposits, open account.** The term "time deposit, open account" means a deposit, other than a "time certificate of deposit" or a "savings deposit," with respect to which there is in force a written contract with the depositor that neither the whole nor any part of such deposit may be withdrawn, by check or otherwise, prior to the date of maturity, which shall be not less than thirty (30) days after the date of the deposit,<sup>4</sup> or prior to the expiration of the period of notice which must be given by the depositor in writing not less than thirty (30) days in advance of withdrawals.<sup>5</sup>

**(e) Savings deposits.** The term "savings deposit" means a deposit evidenced by a pass book consisting of funds (1) deposited to the credit of one or more individuals or of a corporation, association, or other organization operated primarily for religious, philanthropic, charitable, educational, fraternal, or other similar purposes and not operated for profit,<sup>6</sup> or (2) in which the entire beneficial interest is

<sup>3</sup> If the certificate of deposit provides merely that the bank reserves the right to require notice of not less than thirty (30) days before any withdrawal is made, the bank must require such notice before permitting withdrawal.

<sup>4</sup> Deposits, such as Christmas club accounts and vacation club accounts, which are made under written contracts providing that no withdrawal shall be made until a certain number of periodic deposits have been made during a period of not less than three (3) months, constitute "time deposits, open account" even though some of the deposits are made within thirty (30) days from the end of such period.

<sup>5</sup> If a deposit be made with respect to which the bank merely reserves the right to require notice of not less than thirty (30) days before withdrawal is made, the bank must require such notice to be given before permitting withdrawal.

<sup>6</sup> Deposits in joint accounts of two or more individuals may be classified as savings deposits if they meet the other requirements of the above definition, but deposits of a partnership operated for profit may not be so classified. Deposits to the credit of an individual of funds in which any beneficial interest is held by a corporation, partnership, association, or other organization operated for profit or not operated primarily for religious, philanthropic, charitable, educational, fraternal, or other similar purposes may not be classified as savings deposits.

held by one or more individuals or by such a corporation, association, or other organization and in respect to which—

(i) The depositor is required, or may at any time be required, by the bank to give notice in writing of an intended withdrawal not less than thirty (30) days before such withdrawal is made; or the bank consistently continues to adhere to a practice existing prior to January 23, 1936, of requiring notice of at least fifteen (15) days before permitting withdrawal;

(ii) Withdrawals are permitted in only two ways, either upon presentation of the pass book through payment to the person presenting the pass book, or without presentation of the pass book, through payment to the depositor himself but not to any other person, whether or not acting for the depositor.<sup>7</sup>

The provisions of subparagraphs (1) and (2) of this paragraph, limiting savings deposits to funds of certain classes of persons, shall not be applicable to deposits received and credited on or before February 1, 1936, to accounts evidenced by pass books in insured nonmember banks and these deposits, together with interest subsequently payable on such deposits, less any withdrawals from such accounts, may be classed by insured nonmember banks as savings deposits under the terms of this paragraph, even though such deposits belong to an association, organization, or corporation organized for profit. The said provisions of subparagraphs (1) and (2) of this paragraph, however, shall be applicable to deposits received subsequently to February 1, 1936, whether or not such deposits are credited to an account existing prior to February 1, 1936.

The presentation by any officer, agent or employee of the bank of a pass book or a duplicate thereof retained by the bank or by any of its officers, agents or employees is not a presentation of the pass book within the meaning of this part except where the pass book is held by the bank as a part of an estate of which the bank is a trustee or other fiduciary, or where the pass book is held by the bank as security for a loan. If a pass book is retained by the bank, it may not be delivered to any person other than the depositor for the purpose of enabling such person to present the pass book in order to make a withdrawal, although the bank may deliver the pass book to a duly authorized agent of the depositor for transmittal to the depositor.

Every withdrawal made upon presentation of a pass book shall be entered in the pass book at the time of the withdrawal, and every other withdrawal shall be entered in the pass book as soon as practicable after the withdrawal is made.

**304.2 Demand deposits—(a) Interest prohibited.** Except as hereinafter provided, no insured nonmember bank shall directly or indirectly, by any device whatsoever, pay any interest on any demand deposit. Within this part any payment to or for the account of any depositor as compensation for the use of funds constituting a deposit shall be considered interest.<sup>8</sup>

<sup>7</sup> Presentation of a pass book may be made over the counter or through the mails; and payment may be made over the counter, through the mails or otherwise, subject to the limitations of paragraph (e) (2) (ii) of this section as to the person to whom such payment may be made.

<sup>8</sup> The absorption of normal or customary exchange charges by an insured nonmember bank, in connection with the routine collection for its depositors of

(b) **Exceptions.** The prohibition stated in paragraph (a) of this section does not apply to—

(1) Payment of interest accruing before August 24, 1937, on any deposit made by a "savings bank"<sup>9</sup> as defined in section 12B of the Federal Reserve Act, as amended (12 U. S. C. 264), or by a mutual savings bank;

(2) Payment of interest accruing before August 24, 1937, on any deposit of public funds<sup>10</sup> made by or on behalf of any State, county, school district, or other subdivision or municipality, or on any deposit of trust funds, if the payment of interest with respect to such deposit of public funds or of trust funds is required by State law when such deposits are made in State banks;

(3) Payment of interest in accordance with the terms of any certificate of deposit or other contract which was lawfully entered into in good faith before February 1, 1936 (or, if the bank became an insured nonmember bank thereafter, before the date upon which it became an insured nonmember bank), which was in force on such date, and which may not legally be terminated or modified by such bank at its option and without liability; but no such certificate of deposit or other contract may be renewed or extended unless it be modified to eliminate any provision for the payment of interest on demand deposits, and every insured nonmember bank shall take such action as may be necessary, as soon as possible consistently with its contractual obligations, to eliminate from any such certificate of deposit or other contract any provision for the payment of interest on demand deposits.

(c) **Deposits in savings banks.** Deposits in "savings banks"<sup>11</sup> in specifically designated deposit accounts with respect to which withdrawal by checking is permitted in accordance with paragraph (7), subsection (c), section 12B of the Federal Reserve Act, as amended (12 U. S. C. 264 (c) (7)), shall, for the purposes of this part, be classed as demand deposits.

checks drawn on other banks, does not constitute the payment of interest within the provisions of this part.

<sup>9</sup>Section 12B (c) of the Federal Reserve Act, as amended (12 U. S. C. 264 (c) (7)), provides:

"The term 'savings bank' means a bank (other than a mutual savings bank) which transacts its ordinary banking business strictly as a savings bank under State laws imposing special requirements on such banks governing the manner of investing their funds and of conducting their business: *Provided*, That the bank maintains, until maturity date or until withdrawn, all deposits made with it (other than funds held by it in a fiduciary capacity) as time savings deposits of the specific term type or of the type where the right is reserved to the bank to require written notice before permitting withdrawal: *Provided further*, That such bank to be considered a savings bank must elect to become subject to regulations of the Corporation with respect to the redeposit of maturing deposits and prohibiting withdrawal of deposits by checking except in cases where such withdrawal is permitted by law on the effective date from specifically designated deposit accounts totaling not more than 15 per centum of the bank's total deposits."

<sup>10</sup>"Deposits of moneys paid into State courts by private parties pending the outcome of litigation are not deposits of "public funds," within the meaning of the above provision.

<sup>11</sup>See footnote 9.

**304.3 Maximum rate of interest on time and savings deposits—**

(a) **Maximum rate prescribed from time to time.** Except in accordance with the provisions of this part, no insured nonmember bank shall pay interest on any time deposit or savings deposit in any manner, directly or indirectly, or by any method, practice, or device whatsoever. No insured nonmember bank shall pay interest on any time deposit or savings deposit at a rate in excess of such applicable maximum rate as the board of directors of the Federal Deposit Insurance Corporation shall prescribe from time to time; and any rate or rates which may be so prescribed by the board will be set forth in supplements (see § 304.6) to this part, which will be issued in advance of the date upon which such rate or rates become effective.

(b) **Modification of contracts to conform to regulation.** No certificate of deposit or other contract shall be renewed or extended unless it be modified to conform to the provisions of this part, and every insured nonmember bank shall take such action as may be necessary, as soon as possible consistently with its contractual obligations, to bring all of its outstanding certificates of deposit or other contracts into conformity with the provisions of this part.

(c) **Savings deposits received during the first five days of month.** An insured nonmember bank may pay interest on a savings deposit received during the first five days of any calendar month at the applicable maximum rate prescribed pursuant to the provisions of paragraph (a) of this section, calculated from the first day of such calendar month until such deposit is withdrawn or ceases to constitute a savings deposit under the provisions of this part, whichever shall first occur.

(d) **Continuance of time deposit status.** A deposit which was a time deposit at the date of deposit continues to be such until maturity, although it has become payable within thirty (30) days, and interest at a rate not exceeding that prescribed pursuant to the provisions of paragraph (a) of this section may be paid until maturity upon such deposit. A time deposit or a savings deposit, with respect to which notice of withdrawal has been given, continues to be such until the expiration of the period of such notice, and interest may be paid upon such deposit until the expiration of the period of such notice at a rate not exceeding that prescribed pursuant to the provisions of paragraph (a) of this section. Interest at a rate not exceeding that prescribed pursuant to the provisions of paragraph (a) of this section may be paid upon savings deposits with respect to which notice of intended withdrawal has not actually been required or given. No interest shall be paid by an insured nonmember bank on any amount which by the terms of any certificate or other contract, or agreement, or otherwise, the bank may be required to pay within thirty (30) days from the date on which such amount is deposited in such bank,<sup>12</sup> except as to savings deposits with respect to which the bank consistently continues to ad-

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<sup>12</sup> Deposits, such as Christmas club accounts and vacation club accounts, which are made under written contracts providing that no withdrawal shall be made until a certain number of periodic deposits have been made during a period of not less than three (3) months, constitute "time deposits, open account" even though some of the deposits are made within thirty (30) days from the end of such period.

here to a practice existing prior to January 23, 1936, of requiring notice of at least fifteen (15) days before permitting withdrawal.

(e) **No interest after maturity or expiration of notice; exception.** No interest shall be paid on any time or savings deposit for any period subsequent to maturity, whether such deposit matures by its terms on a specific date or at the expiration of a notice period pursuant to written notice actually given, except if a time certificate is renewed within ten (10) days after maturity, the renewal certificate<sup>13</sup> may draw interest from the maturity date of the matured certificate.

**304.4 Payment of time deposits before maturity—(a) Time deposits payable on a specified date.** No insured nonmember bank shall pay any time deposit, which is payable on a specified date, before such specified date, except as provided in paragraph (d) of this section.

(b) **Time deposits payable after a specified period.** No insured nonmember bank shall pay any time deposit, which is payable at the expiration of a specified period, before such period has expired, except as provided in paragraph (d) of this section.

(c) **Time deposits payable after a specified notice.** No insured nonmember bank shall pay any time deposit, with respect to which notice is required to be given a specified period before any withdrawal is made, until such required notice has been given and the specified period thereafter has expired, except as provided in paragraph (d) of this section.

(d) **Loans upon security of time deposits.** An insured nonmember bank may make a loan to the depositor upon the security of his time deposit, provided that the rate of interest on such loan shall be not less than 2 percent per annum in excess of the rate of interest on the time deposit.

Where a loan to the depositor upon the security of his time deposit upon terms satisfactory to the insured nonmember bank and the depositor cannot be arranged, and where the depositor signs a written statement to be kept in the files of the bank that he is in need of money represented by the time deposit before the maturity thereof, stating the definite amount needed, the time deposit may be paid before maturity to the extent required to meet such need, but the depositor shall forfeit accrued and unpaid interest for a period of not less than three months on the amount withdrawn. When a portion of a time certificate of deposit is paid before maturity, the certificate shall be canceled and a new certificate shall be issued for the unpaid portion of the deposit, with the same terms, rate, date, and maturity as the original deposit.

**304.5 Notice of withdrawal of savings deposits—(a) Requirements regarding notice.** An insured nonmember bank shall observe the requirements set forth as follows in requiring notice of intended withdrawal of any savings deposit or part thereof or in permitting withdrawal without requiring such notice:

(1) If an insured nonmember bank pay any amount or percentage of the savings deposits of any depositor without requiring such

<sup>13</sup> Where a time certificate is renewed within ten (10) days after maturity, the renewal certificate may be dated back to the maturity date of the matured certificate.

notice, it shall, upon request, and without requiring such notice, pay the same amount or percentage of the savings deposits of every other depositor, subject to the same notice requirement, except if the bank changes its practice in accordance with paragraph (b) of this section.

(2) If an insured nonmember bank requires such notice before the payment of any amount or percentage of the savings deposits of any depositor, it shall require such notice before the payment of the same amount or percentage of the savings deposits of any other depositor, subject to the same notice requirement, except if the bank changes its practice in accordance with paragraph (b) of this section.

Even though the bank's practice is to require notice, an insured nonmember bank is not prevented by this part from paying during the next succeeding interest period without requiring notice of withdrawal interest on a savings deposit which has accrued during the preceding interest period.

**(b) Requirements regarding change of practice.** No insured nonmember bank shall change its practice with respect to the requiring or not requiring of notice of intended withdrawal of savings deposits, except after duly recorded action of its board of directors or of its executive committee properly authorized, and no practice in this respect shall be adopted which does not conform to the requirements of paragraphs (a) (1) and (a) (2) of this section.

**(c) Change of practice for purpose of discrimination.** No change in the practice of an insured nonmember bank with respect to the requiring or not requiring of notice of intended withdrawal of savings deposits shall be made for the purpose of discriminating in favor of or against any particular depositor or depositors.

**(d) Requirements applicable although no interest paid.** An insured nonmember bank shall observe the requirements of this section with respect to savings deposits even though no interest be paid on such deposits.

**(e) Loans upon security of savings deposits.** An insured nonmember bank may make a loan to any of its depositors upon the security of his savings deposits, provided that if the bank's practice is to require notice before permitting withdrawal of any amount or percentage of the savings deposits of any depositor, the rate of interest on such loan shall not be less than 2 percent per annum in excess of the rate of interest on the savings deposit.

**304.6 Maximum rates<sup>14</sup> of interest payable on time and savings deposits by insured nonmember banks—(a) Maximum rate of 2½ percent.** No insured nonmember bank shall pay interest accruing after February 1, 1936, at a rate in excess of 2½ percent per annum, compounded quarterly,<sup>15</sup> regardless of the basis upon which such interest may be computed,

<sup>14</sup> The maximum rates of interest payable by insured nonmember banks on time and savings deposits as prescribed herein are not applicable to any deposit which is payable only at an insured nonmember bank, or at an office of an insured nonmember bank, located outside of the States of the United States and the District of Columbia.

<sup>15</sup> This limitation is not to be interpreted as preventing the compounding of interest at other than quarterly intervals: Provided, That the aggregate amount of such interest so compounded does not exceed the aggregate amount of interest at the rate above prescribed when compounded quarterly.



- (1) On any savings deposit,
- (2) On any time deposit having a maturity date six months or more after the date of deposit or payable upon written notice of six months or more,
- (3) On any Postal Savings deposit which constitutes a time deposit,

except that an insured nonmember bank may pay interest on any such deposits in accordance with the terms of any certificate of deposit or other contract which was entered into before February 1, 1936, (or, if the bank becomes an insured nonmember bank thereafter, before the date upon which it becomes an insured nonmember bank) which was in force on such date and which may not legally be terminated or modified by such bank at its option and without liability.

**(b) Maximum rate of 2 percent.** No insured nonmember bank shall pay interest accruing after February 1, 1936, at a rate in excess of 2 percent per annum, compounded quarterly, regardless of the basis upon which such interest may be computed,

On any time deposit (except Postal Savings deposits which constitute time deposits) having a maturity date less than six months and not less than ninety days after the date of deposit or which is originally or becomes payable upon written notice of less than six months and not less than ninety days,

except that an insured nonmember bank may pay interest on such deposits in accordance with the terms of any certificate of deposit or other contract which was entered into before February 1, 1936, (or, if the bank becomes an insured nonmember bank thereafter, before the date upon which it becomes an insured nonmember bank) which was in force on such date and which may not legally be terminated or modified by such bank at its option and without liability.

**(c) Maximum rate of 1 percent.** No insured nonmember bank shall pay interest accruing after February 1, 1936, at a rate in excess of 1 percent per annum, compounded quarterly, regardless of the basis upon which such interest may be computed,

On any time deposit (except Postal Savings deposits which constitute time deposits) having a maturity date less than ninety days after the date of deposit or which is originally or becomes payable upon written notice of less than ninety days,

except that an insured nonmember bank may pay interest on such deposits in accordance with the terms of any certificate of deposit or other contract which was entered into before February 1, 1936, (or, if the bank becomes an insured nonmember bank thereafter, before the date upon which it becomes an insured nonmember bank) which was in force on such date and which may not legally be terminated or modified by such bank at its option and without liability.

**(d) Discontinuance of payments on outstanding certificates of indefinite maturities.** Banks which on January 23, 1936, have outstanding certificates of indefinite maturities representing deposit liabilities drawing interest as savings deposits must within one year from February 1, 1936, discontinue to pay thereon the rate applicable here-

under to savings deposits unless meanwhile the same be converted into savings deposits as defined in this part.

## PART 305—RECOGNITION OF DEPOSIT OWNERSHIP NOT ON BANK RECORDS

Sec.	Sec.
305.1 Deposits evidenced by negotiable instruments.	of items forwarded for collection by bank acting as agent.
305.2 Deposit obligations for payment	305.3 Deposits of public officers.
	305.4 Deposits in custodial accounts.

**Section 305.1 Deposits evidenced by negotiable instruments.** If any insured deposit obligation of a bank be evidenced by a negotiable certificate of deposit, negotiable draft, negotiable cashier's or officer's check, negotiable certified check, or negotiable traveler's check or letter of credit, the owner of such deposit obligation will be recognized for all purposes of claim for insured deposits to the same extent as if his name and interest were disclosed on the records of the bank provided the instrument was in fact negotiated to such owner prior to the date of the closing of the bank. Affirmative proof of such negotiation must be offered in all cases to substantiate the claim.

**305.2 Deposit obligations for payment of items forwarded for collection by bank acting as agent.** Where a closed bank has become obligated for the payment of items forwarded for collection by a bank acting solely as agent, the owner of such items will be recognized for all purposes of claim for insured deposits to the same extent as if his name and interest were disclosed on the records of the bank when such claim for insured deposits, if otherwise payable, has been established by the execution and delivery of prescribed forms. Such bank forwarding such items for the owners thereof will be recognized as agent for such owners for the purpose of making an assignment of the rights of such owners against the closed insured bank to the Federal Deposit Insurance Corporation and for the purpose of receiving payment on behalf of such owners.

**305.3 Deposits of public officers.** The owner of any portion of a deposit appearing on the records of a closed bank under the name of a public official, state, county, city, or other political subdivision will be recognized for all purposes of claim for insured deposits to the same extent as if his name and interest were disclosed on the records of the bank: Provided, That the interest of such owner in the deposit is disclosed on the records maintained by such public official, state, county, city or other political subdivision and, Provided further, That such records have been maintained in good faith and in the regular course of business.

**305.4 Deposits in custodial accounts.** The owner of any portion of a deposit appearing on the records of a closed bank under a name other than that of the claimant, whose name or interest as such owner is not disclosed on the records of the closed bank as part owner of said deposit, will be recognized for all purposes of claim for insured deposits to the same extent as if his name and interest were disclosed on the records of the bank: Provided, That the deposit is maintained in a specifically designated deposit account or accounts in such a manner as to disclose the custodial nature thereof and, Provided further, That

the name and interest of such owner in the deposit is disclosed on the records of the person in whose name the deposit is maintained and such records have been maintained in good faith and in the regular course of business.

## PART 306—AGENTS FOR SERVICE OF PROCESS

**Section 306.1 Agents for service of process.** The board of directors has designated an agent upon whom service of process may be made in each state, territory, and other jurisdiction in which an insured bank is located. A current list containing the names and addresses of such agents is kept on file in the Office of the Corporation, Washington, D. C.; a current list of such agents in each Federal Deposit Insurance district is kept on file in the office of the supervising examiner for the district; and the name and address of such agent for each state, territory, and jurisdiction are on file with the secretary of state or corresponding official in such state, territory, or jurisdiction. Persons desiring to serve process upon the Federal Deposit Insurance Corporation may obtain the name and address of the proper agent by communicating with such local official, the supervising examiner for the district, or the Federal Deposit Insurance Corporation, Washington, D. C.

## PART 307—INSURANCE OF TRUST FUNDS

**Section 307.1 Claim by fiduciary insured bank for insured deposits of trust estates.** In the event of the closing of an insured bank for inability to meet the demands of its depositors, the claim for insured deposits made by a fiduciary insured bank which, in the exercise of its trust powers, had deposited trust funds therein will be determined as follows:

(a) **Allocated funds of a trust estate.** If trust funds of a particular trust estate are allocated by the fiduciary and deposited, the deposit with respect to such estate will be determined by ascertaining the amount of its funds allocated, deposited and remaining to the credit of the claimant as fiduciary in the closed insured bank.

(b) **Interest of a trust estate in unallocated trust funds.** If trust funds of a particular trust estate be mingled with trust funds of other trust estates and deposited by the fiduciary bank in one or more banks to the credit of the depositing bank as fiduciary, without allocation of specific amounts from the particular trust estate to an account in such bank or banks, the deposit with respect to such estate in any closed insured bank will be the amount which will bear the same ratio to all unallocated funds of the estate for which the fiduciary is accountable as the entire unallocated trust funds to the credit of the fiduciary bank in the closed insured bank will bear to the entire amount of such funds so deposited by the fiduciary in all depositories.<sup>17</sup>

<sup>16</sup> This section is not to be construed as an express or implied approval of such commingling of trust funds as may be involved in the maintaining of general trust accounts.

<sup>17</sup> In determining claims under this paragraph, unallocated trust funds in the insured fiduciary bank will be included in the totals of such funds.

(c) **Claims for funds of corporate trusts determined on basis of allocation.** The rule stated in paragraph (b) hereof will not be applied to funds of an insured bank held as fiduciary under a type of trust created to facilitate the issuance, distribution, or servicing of corporate bonds, debentures, or stock issues, commonly known as corporate trusts. The claim of the fiduciary bank with respect to deposits of such funds will be determined according to allocations of the funds of particular estates to particular deposit accounts.

(d) **Insured deposit of a trust estate.** In arriving at the total insured deposit of an insured fiduciary bank with respect to any trust estate, the deposit of such estate as determined in accordance with any paragraph hereof shall be combined with that determined under any other paragraph and the insured deposit shall be the total less any amount thereof in excess of \$5,000.

## **PART 308—CONFIDENTIAL AND PRIVILEGED DOCUMENTS AND INFORMATION AND RESTRICTIONS ON DISCLOSURE THEREOF**

<b>Sec.</b> <b>308.1 Confidential information and documents.</b>	<b>Sec.</b> <b>308.4 Service of process on officer or employee.</b>
<b>308.2 Certain documents and information also privileged.</b>	<b>308.5 Authority of Chairman of board of directors.</b>
<b>308.3 Disclosure prohibited.</b>	

**Section 308.1 Confidential information and documents.** All files, documents, reports, books, accounts, and records (hereinafter collectively referred to as "documents") pertaining to insured banks, or the internal operations and affairs of the Corporation, in the possession or under the control of the Corporation, or any officer or employee thereof, and all facts or information contained in such documents or acquired by said officers or employees in the performance of their official duties (hereinafter collectively referred to as "information") are confidential, unless prepared for public distribution by order of the board of directors of the Corporation or its Chairman.

**308.2 Certain documents and information also privileged.** Documents and information pertaining to (1) examinations or investigations of insured banks, (2) applications and reports to the Corporation by any bank (exclusive of applications for loans or purchases of assets under 12 U. S. C. 264 (n) (4)), (3) proceedings for the termination of the insured status of any bank, or (4) the internal operations of the Corporation, are conditionally privileged as well as confidential, and shall hereinafter sometimes be referred to as "privileged."

**308.3 Disclosure prohibited.** Officers and employees of the Corporation are prohibited from allowing any person to inspect, examine or copy any of said confidential or privileged documents, or furnishing copies thereof, or from disclosing any such confidential or privileged information, except as hereinafter provided:

(a) The Chief of any Division having custody thereof, in his discretion, may release or furnish any document or information, not

privileged, to any governmental agency, state or federal, for use in the exercise of their official duties; and to any other person upon a verified written application, which shall show that the applicant has a substantial interest therein and the purpose for which it is to be used: Provided, That such disclosure, in the opinion of the Division Chief, will not be prejudicial to the Corporation or the public interest.

(b) The Chief of the Division of Examination may furnish to an insured nonmember bank copies of any reports of examination of such bank (except the section designated "confidential") and other information pertaining to its affairs: Provided, That copies of such reports of examination and other information so furnished to an insured nonmember bank shall remain the property of the Corporation and under no circumstances shall the bank or any of its directors, officials or employees disclose or make public in any manner such reports or any portion thereof or other information so furnished by the Corporation.

(c) The Chief of the Division of Examination may furnish to the Comptroller of the Currency, to any Federal Reserve Bank, and to any Commission, Board, or authority having supervision of a state nonmember bank, and to the Reconstruction Finance Corporation, if it owns or holds as pledgee, or has under consideration an application for the purchase of, any preferred stock, capital notes, or debentures in such bank, copies of reports of examination made on behalf of the Corporation and other information pertaining to insured nonmember banks for use in the exercise of their official duties: Provided, That such reports of examination and other information so furnished to such officials or agency shall remain the property of the Corporation and under no circumstances shall any such official or agency disclose or make public in any manner such reports or any portion thereof or other information so furnished by the Corporation.

(d) The Chief of the Division of Examination may furnish to any official of the Department of Justice any information regarding defalcations, burglaries, or robberies affecting insured banks, when, in his opinion, there is urgent need for immediate action to be taken by such Department in the investigation thereof or the apprehension or prosecution of persons responsible therefor.

(e) The Chief of the Division of Research and Statistics may furnish to the Comptroller of the Currency, to any Federal Reserve Bank, and to any Commission, Board, or authority having supervision of a state nonmember bank copies of reports of condition made by insured banks to the Corporation, including statements of assets, liabilities and capital accounts and of earnings, expenses and distribution of profits, for use in the exercise of their official duties: Provided, That under no circumstances shall such state or federal officials make public the contents of such reports or any portion thereof, except in the publication of general statistical reports.

(f) The General Counsel of the Corporation may disclose to the proper federal prosecuting authorities any and all documents and information relating to irregularities discovered in open and closed insured banks believed to constitute violations of the federal criminal

statutes. The General Counsel may authorize the production of any document, the disclosure of any information, and the giving of any testimony with respect thereto by any officer or employee of the Corporation, upon any proceedings, hearing or trial, civil or criminal, in any state or federal court or before any administrative board, commission or committee. Such authorization may be given only in response to a subpoena or other process duly issued and served upon the Corporation in Washington, D. C., which service may be by registered mail addressed to the Federal Deposit Insurance Corporation, Washington, D. C., specifying the document requested, the nature and scope of the testimony to be elicited, the name of the witness and the place and time of appearance: Provided, That the General Counsel, in his discretion, may waive the requirement of service of subpoena or process when he believes it to be in the interest of justice to do so. Without such prior authorization, any officer or employee required to respond to a subpoena or other legal process shall attend at the time and place therein mentioned and respectfully decline to produce any document or disclose any information or give any testimony with respect thereto, basing his refusal upon this regulation: Provided, That this prohibition shall not apply to information which may be disclosed pursuant to and in accordance with the provisions of subsection (b), section 22 of the Federal Reserve Act (12 U. S. C. 594) as amended by section 326 of the Banking Act of 1935 and Provided further, That when such requested documents or information are privileged, the General Counsel shall not authorize their production or disclosure in any of the suits or proceedings hereinbefore mentioned, or otherwise, except where the production of such evidence is requested in behalf of the Corporation, the United States, or the person from whom such privileged documents and information were obtained.

**308.4 Service of process on officer or employee.** Any officer or employee of the Corporation served with a subpoena, order or other process requiring his personal attendance as a witness or the production of documents or information upon any proceeding mentioned in the preceding section shall promptly advise (1) the court or tribunal which issued the process, and the attorney for the party at whose instance the process was issued, if known, of the substance of this regulation, and (2) the General Counsel of the Corporation at Washington, D. C. of such service and of the documents and information requested and any facts which may be of assistance to the General Counsel in determining whether such documents and information should be made available.

**308.5 Authority of Chairman of board of directors.** Notwithstanding any of the foregoing provisions, the Chairman of the board of directors, in his discretion and pursuant to law, may authorize the production, examination, or inspection of any documents, or the furnishing of copies thereof, or the disclosure of any information, or may direct the General Counsel or the Chief of any Division to refuse to permit the production, examination, or inspection of any documents, or the furnishing of copies thereof, or the disclosure of any information, when in his opinion such action is consistent with the public interest.

## PART 309—VOLUNTARY TERMINATION OF INSURED STATUS

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| <p><b>Sec.</b><br/> <b>309.1</b> Steps to be taken and records to be furnished the Corporation by an insured nonmember bank in liquidation.<br/> <b>309.2</b> Steps to be taken and records to be furnished the Corporation by a member bank in liquidation (both state and national).</p> | <p><b>Sec.</b><br/> <b>309.3</b> Steps to be taken and records to be furnished the Corporation where deposits are assumed by another insured bank.</p> |
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**Section 309.1 Steps to be taken and records to be furnished the Corporation by an insured nonmember bank in liquidation—**  
**(a)** Whenever a nonmember bank goes into liquidation and its insured status has not been terminated by the board <sup>18</sup> and its deposit liabilities are not assumed by another insured bank, it shall terminate its status as an insured bank in accordance with the provisions of paragraph (1) of subsection (i) of section 12B of the Federal Reserve Act, as amended.<sup>19</sup> To effect such termination the bank shall adopt a resolution in form substantially as follows:

**"RESOLVED:** (1) that the status of the \_\_\_\_\_  
 \_\_\_\_\_ (Name of bank)  
 \_\_\_\_\_ as an insured bank under the provisions  
 \_\_\_\_\_ (City or town) (State)  
 of section 12B of the Federal Reserve Act, as amended, shall terminate ninety (90) days from the date of the receipt by the Federal Deposit Insurance Corporation of a copy of this resolution;<sup>20</sup>  
 (2) that \_\_\_\_\_ is hereby directed to  
 \_\_\_\_\_ (Cashier or other officer)  
 immediately forward a certified copy of this resolution to the Federal Deposit Insurance Corporation, Washington, D. C., which shall constitute the notice of termination prescribed in paragraph (1) of subsection (i) of said section 12B."

Upon receipt of a certified copy of the aforesaid resolution the Corporation will promptly advise the bank of the date of the receipt thereof, and confirm the date of the termination of its insured status.

Thereupon, and prior to the termination date, the bank shall give notice to its depositors of the termination of its insured status. Such notice shall be (1) mailed to each depositor at his last address of record as shown upon the books of the bank, (2) published in not

<sup>18</sup> Board means board of directors of the Federal Deposit Insurance Corporation.

<sup>19</sup> Section 12B(1)(1) of the Federal Reserve Act, as amended (12 U. S. C. 264(1)(1)), provides, in part, as follows: "Any insured bank (except a national member bank or State member bank) may, upon not less than ninety days' written notice to the Corporation, and to the Reconstruction Finance Corporation if it owns or holds as pledgee any preferred stock, capital notes, or debentures of such bank, terminate its status as an insured bank. \* \* \* After the termination of the insured status of any bank \* \* \* the insured deposits of each depositor in the bank on the date of such termination, less all subsequent withdrawals from any deposits of such depositor, shall continue for a period of two years to be insured, and the bank shall continue to pay to the Corporation assessments as in the case of an insured bank during such period. \* \* \*"  
 (Bold face supplied.)

<sup>20</sup> If the bank desires to fix a later date of termination, it may do so as the law prescribes only the minimum notice period which is ninety (90) days.

less than two issues of a local newspaper of general circulation, and  
(3) in form substantially as follows:

**NOTICE TO DEPOSITORS:**

PLEASE BE ADVISED that the status of the \_\_\_\_\_  
(Name of bank)  
\_\_\_\_\_ as an insured bank under the provisions  
(City or town) (State)  
of section 12B of the Federal Reserve Act, as amended, will  
terminate on the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.  
YOU ARE FURTHER ADVISED that your insured deposits in this  
bank on the date of termination will continue to be insured  
within the limitations provided by law.

\_\_\_\_\_  
(Name of Bank)

\_\_\_\_\_  
(Address)"

There may be included in such notice any additional information or advice the bank may deem desirable.

(b) The bank shall furnish to the Corporation the following records and information:

(1) An affidavit of the mailing and an affidavit of the publication of the notice to depositors. The affidavit of mailing should be executed by the person mailing the notice and should state (a) the date of mailing, (b) that it was mailed to each depositor at his last address of record as shown on the books of the bank, and (c) that a copy of the notice as mailed is attached.

(2) A certified copy of the resolutions pursuant to which the bank was placed in liquidation and/or any other document or instrument required by law to place the bank in liquidation.

(3) The bank shall continue to file certified statements and pay assessments thereon for the period its deposits are insured, as provided by the Federal Reserve Act, as amended.<sup>21</sup> Provided, That after the bank shall have paid in full its deposit liabilities and the assessment to the Corporation required to be paid for the semiannual period in which its deposit liabilities are paid in full, and after it shall, under applicable law, have ceased to have authority to transact a banking business and to have existence, except for the purpose of, and to the extent permitted by law for, winding up its affairs, it shall not be required to file further certified statements nor to pay further assessments.

(4) When the deposit liabilities of the bank shall have been paid in full, the bank shall furnish to the Corporation an affidavit executed by two of its officers, which affidavit shall state the fact that the deposit liabilities have been paid in full and give the date of the final payment thereof.<sup>22</sup>

(5) Where the bank has unclaimed deposits the affidavit to be furnished pursuant to the preceding subparagraph, shall further state the amount of such unclaimed deposits and the disposition made of the funds to be held to meet such claims. For assessment purposes, the

<sup>21</sup> See footnote 19.

<sup>22</sup> The issuance of a draft or officer's check does not constitute the discharge of a deposit liability nor relieve the bank of assessment until such draft or other evidence of payment has been duly presented for payment and has been paid.



following will be considered as payment of such unclaimed deposits, viz:

(i) the transfer of cash funds in an amount sufficient to pay such unclaimed and unpaid deposits to the public official authorized under the law to receive the same; or

(ii) if no provision is made by law for the transfer of funds to a public official, the transfer of cash funds or compensatory assets to an insured bank in an amount sufficient to pay the unclaimed and unpaid deposits in consideration of such insured bank assuming the payment thereof: Provided, That, prior to such transfer, the liquidating bank shall have given notice, as hereinafter provided, to the owners of the unclaimed deposits of the intended transfer and a reasonable time shall have elapsed after the giving of such notice to enable the depositors to obtain their deposits. Such notice shall be mailed to each depositor and shall be published in a local newspaper of general circulation. The notice shall advise such depositors of the liquidation of the bank, shall request them to call for and accept payment of their deposits, and shall state the disposition to be made of their deposits upon their failure to promptly claim the same.

If such unclaimed and unpaid deposits are disposed of as provided in (i) above, a certified copy of the public official's receipt issued for such funds shall be furnished to the Corporation. If such unclaimed and unpaid deposits are disposed of as provided in (ii) above, an affidavit of the publication and of the mailing of the notice to depositors, together with a copy of such notice, and a certified copy of the contract of assumption shall be furnished to the Corporation.

(6) The liquidating bank shall advise the Corporation of the date on which the authority or right of the bank to do a banking business shall have terminated and the method or means whereby such termination shall have been effected, that is, whether such termination has been effected by the surrender of its charter, by the cancellation of its authority or license to do a banking business by the supervisory authority, or otherwise.<sup>23</sup>

**309.2 Steps to be taken and records to be furnished the Corporation by a member bank in liquidation (both state and national).—(a)** Whenever a bank which is a member of the Federal Reserve System goes into liquidation and its insured status has not been terminated by the board<sup>24</sup> and its deposit liabilities are not assumed by another insured bank, it shall notify its depositors of the date of the termination of its insured status.<sup>25</sup> Such notice shall

<sup>23</sup> As the governing law of the various jurisdictions is not uniform in this respect, it is suggested that the applicable statute be consulted and that this Corporation be advised of the manner in which the termination or cancellation of such authority has been effected.

<sup>24</sup> See footnote 18.

<sup>25</sup> Section 12B (1) (2) of the Federal Reserve Act, as amended, provides, in part, as follows: "Whenever a member bank shall cease to be a member of the Federal Reserve System, its status as an insured bank shall, without notice or other action by the board of directors, terminate on the date the bank shall cease to be a member of the Federal Reserve System, with like effect as if its insured status had been terminated on said date by the board of directors after proceedings under paragraph (1) of this subsection." Section 10, subsection (c) of regulation H of the Board of Governors of the Federal Reserve System provides, in part, as follows: "A bank's withdrawal from membership in the Federal Reserve System is effective on the date on which the Federal Reserve bank stock held by it is duly canceled."

be in the form prescribed in the preceding section and shall be given at the time and in the manner therein provided.

(b) The bank shall furnish to the Corporation the records and information mentioned in, and comply with the requirements of, paragraph (b) of the preceding section.

**309.3 Steps to be taken and records to be furnished the Corporation where deposits are assumed by another insured bank**—(a) Whenever the deposit liabilities of an insured bank are assumed by another insured bank, the bank whose deposits are assumed, or the assuming bank as its agent, shall give notice to its depositors of such assumption. Such notice shall be (1) mailed to each depositor at his last address of record as shown upon the books of the bank, (2) published in not less than two issues of a local newspaper of general circulation, and (3) in form substantially as follows:

“ \_\_\_\_\_  
(Date)

**NOTICE TO DEPOSITORS:**

PLEASE BE ADVISED that the deposit liabilities shown on the books of the undersigned bank as of the close of business on \_\_\_\_\_, 19\_\_\_\_ have been assumed by the

\_\_\_\_\_  
(Name of assuming bank) (city or town) (State)  
and that the status of the undersigned bank as an insured bank will therefore terminate as provided in section 12B (i) (4) of the Federal Reserve Act, as amended.

YOU ARE FURTHER ADVISED that \_\_\_\_\_  
(Name of assuming bank)  
is an insured bank and that your deposits will continue to be insured by the Federal Deposit Insurance Corporation in the manner and to the extent provided in said Act.

\_\_\_\_\_  
(Name of bank)

\_\_\_\_\_  
(Address)”

There may be included in such notice any additional information or advice the bank may deem desirable.

The bank shall furnish to the Corporation an affidavit of mailing and an affidavit of publication of the notice to depositors. The affi-

” Section 12B (i) (4) of the Federal Reserve Act, as amended, provides, in part, as follows: “Whenever the liabilities of an insured bank for deposits shall have been assumed by another insured bank or banks, the insured status of the bank whose liabilities are so assumed shall terminate on the date of receipt by the Corporation of satisfactory evidence of such assumption with like effect as if its insured status had been terminated on said date by the board of directors after proceedings under paragraph (1) of this subsection: *Provided*, That if the bank whose liabilities are so assumed gives to its depositors notice of such assumption within 30 days after such assumption takes effect by publication or by any reasonable means, in accordance with regulations to be prescribed by the board of directors, the insurance of its deposits shall terminate at the end of 6 months from the date such assumption takes effect, and such bank shall thereupon be relieved of all future obligations to the Corporation, including the obligation to pay future assessments.”

” If this notice is given by the assuming bank as agent for the liquidating bank, it may add its own name designating itself as agent.

davit of mailing should be in the form prescribed in subparagraph (1) of paragraph (b) of § 309.1.

(b) The liquidating bank shall continue to file certified statements and pay assessments thereon for the period its deposits are insured, as provided by the Federal Reserve Act, as amended: Provided, That if the liquidating bank, or the assuming bank as its agent, has given the requisite notice to the depositors of the assumption of the deposit liabilities within thirty days after such assumption takes effect, then the liquidating bank shall file a final certified statement, which statement shall be executed to reflect its average daily deposit liabilities for the semiannual period in which its deposit liabilities are assumed and shall pay to the Corporation the normal assessment thereon.<sup>28</sup>

(c) The Corporation will consider receipt of the following as satisfactory evidence of such assumption:

(1) A certified copy of the resolution (a) duly authorizing the bank's officers to enter into a contract for the sale of the bank's assets to another insured bank upon the consideration of the assumption by it of the deposit liabilities, and (b) duly placing the bank in liquidation; and

(2) A certified copy of the assumption agreement, provided it contains an express undertaking by an insured bank to pay the deposit liabilities of the bank going into liquidation:

(d) The bank shall furnish to the Corporation the information called for in subparagraph (6) of paragraph (b) of § 309.1.

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<sup>28</sup> See § 302.3 of these Rules and Regulations.

TITLE 12—BANKS AND BANKING

TITLE 12—BANKS AND BANKING

APPENDIX A

COMPARATIVE REFERENCE TABLE

12 Code of Federal Regulations		Statutory source	Former Regulation	
Part	Sections		Number	Date adopted
301	301.1	12 U. S. C. 264 (c) (12)	I sec. 2	Aug. 26, 1935
	301.1 (a)	12 U. S. C. 264 (c) (12)	I sec. 2 (I)	Do.
	301.1 (b)	12 U. S. C. 264 (c) (12)	I sec. 2 (II)	Do.
	301.1 (c)	12 U. S. C. 264 (c) (12)	I sec. 2 (III)	Do.
	301.1 (d)	12 U. S. C. 264 (c) (12)	I sec. 2 (IV)	(1)
302	302.1	12 U. S. C. 264 (h) (1)	II sec. 2	Aug. 26, 1935
	302.2 (a)	12 U. S. C. 264 (h) (1)	II sec. 3	Do.
	302.2 (b)	12 U. S. C. 264 (h) (1)	II sec. 3	Do.
	302.2 (c)	12 U. S. C. 264 (h) (1)	II	(1)
	302.2 (d)	12 U. S. C. 264 (h) (1)	II sec. 3	Aug. 26, 1935
	302.3 (a)	12 U. S. C. 264 (h) (1) (1)	Sec. 302.3 (c)	(1)
	302.3 (b)	12 U. S. C. 264 (h) (1) (1)	Sec. 302.3 (f)	
	302.3 (c)	12 U. S. C. 264 (h) (1) (1)	Sec. 302.3 (b)	
			Sec. 302.3 (a)	
			Sec. 302.3 (d)	
303	303.0	12 U. S. C. 264 (v) (2)	III (scope)	Oct. 26, 1935
	303.1 (a)	12 U. S. C. 264 (v) (2)	III sec. 2 (a)	Do.
	303.1 (b)	12 U. S. C. 264 (v) (2)	III sec. 2 (b)	Do.
	303.1 (c)	12 U. S. C. 264 (v) (2)	III sec. 2 (c)	Do.
	303.1 (d)	12 U. S. C. 264 (v) (2)	III sec. 2 (d)	Do.
	303.2 (a)	12 U. S. C. 264 (v) (2)	III sec. 3 (a)	Do.
	303.2 (b)	12 U. S. C. 264 (v) (2)	III sec. 3 (b)	Do.
	303.2 (c)	12 U. S. C. 264 (v) (2)	III sec. 3 (c)	Do.
	303.2 (d)	12 U. S. C. 264 (v) (2)	III sec. 3 (d)	Do.
	303.2 (e)	12 U. S. C. 264 (v) (2)	III sec. 3 (e)	Do.
	303.3 (a)	12 U. S. C. 264 (v) (2)	III sec. 4 (a)	Do.
	303.3 (b)	12 U. S. C. 264 (v) (2)	III sec. 4 (b)	Do.
	303.3 (c)	12 U. S. C. 264 (v) (2)	III sec. 4 (c)	Do.
	303.4	12 U. S. C. 264 (v) (2)	III sec. 5	Do.
304	304.0	12 U. S. C. 264 (v) (8)	IV (scope)	Feb. 10, 1937
	304.1 (a)	12 U. S. C. 264 (v) (8)	IV sec. 1 (a)	Do.
	304.1 (b)	12 U. S. C. 264 (v) (8)	IV sec. 1 (b)	Do.
	304.1 (c)	12 U. S. C. 264 (v) (8)	IV sec. 1 (c)	Do.
	304.1 (d)	12 U. S. C. 264 (v) (8)	IV sec. 1 (d)	Do.
	304.1 (e)	12 U. S. C. 264 (v) (8)	IV sec. 1 (e)	Do.
	304.2 (a)	12 U. S. C. 264 (v) (8)	IV sec. 2 (a)	Do.
	304.2 (b)	12 U. S. C. 264 (v) (8)	IV sec. 2 (b)	Do.
	304.2 (c)	12 U. S. C. 264 (v) (8)	IV sec. 2 (c)	Do.
	304.3 (a)	12 U. S. C. 264 (v) (8)	IV sec. 3 (a)	Do.
	304.3 (b)	12 U. S. C. 264 (v) (8)	IV sec. 3 (b)	Do.
	304.3 (c)	12 U. S. C. 264 (v) (8)	IV sec. 3 (c)	Do.
	304.3 (d)	12 U. S. C. 264 (v) (8)	IV sec. 3 (d)	Do.
	304.3 (e)	12 U. S. C. 264 (v) (8)	IV sec. 3 (e)	Do.
	304.4 (a)	12 U. S. C. 264 (v) (8)	IV sec. 4 (a)	Do.
	304.4 (b)	12 U. S. C. 264 (v) (8)	IV sec. 4 (b)	Do.

<sup>1</sup> Added by rule 1, adopted Oct. 1, 1935, interpreting paragraphs I (a) and III (a) of section 2 of Reg. 1.

<sup>2</sup> Supplemented by rule 1, adopted Oct. 1, 1935, interpreting section 2 of Reg. II.

<sup>3</sup> Supplemented by rule, adopted Oct. 9, 1935, interpreting section 3 of Reg. II.

<sup>4</sup> Added by resolution, May 5, 1937.

<sup>5</sup> Formerly rules 1-5, adopted June 11, 1936, relating to the payment of assessments by banks whose insured status has terminated. Former sections 302.3 (a), 302.3 (d), and 302.3 (e) repealed; former sections 302.3 (c) and 302.3 (f) amended and re-designated 302.3 (a) and 302.3 (b), respectively; and former section 302.3 (b) re-designated 302.3 (c), on June 15, 1944.

<sup>6</sup> Reg. III of Oct. 11, 1935, superseded by Reg. III of Oct. 26, 1935; supplemented by resolution adopted Dec. 17, 1936.

<sup>7</sup> Amended by resolution adopted Jan. 27, 1944.

<sup>8</sup> Exemption (xvi) of paragraph (3) added Aug. 27, 1943; exemption (xvii) of paragraph (3) added Feb. 20, 1946.

<sup>9</sup> Amended by resolution adopted Feb. 20, 1946.

<sup>10</sup> Reg. IV of Dec. 21, 1935 (as amended Jan. 1936), superseded by Reg. IV of Feb. 10, 1937—Mutual Savings Banks excluded by resolution adopted Dec. 21, 1935.

<sup>11</sup> Note relating to absorption of exchange charges added by rule adopted Dec. 6, 1943, as amended by resolution adopted Feb. 20, 1944.

CHAPTER III—FEDERAL DEPOSIT INSURANCE CORP.

COMPARATIVE REFERENCE TABLE—Continued

12 Code of Federal Regulations		Statutory source	Former Regulation	
Part	Sections		Number	Date adopted
304	304.4 (c)-----	12 U. S. C. 264 (v) (8)-----	IV sec. 4 (c)-----	Feb. 10, 1937
	304.4 (d)-----	12 U. S. C. 264 (v) (8)-----	IV sec. 4 (d)-----	Do.
	304.5 (a)-----	12 U. S. C. 264 (v) (8)-----	IV sec. 5 (a)-----	Do.
	304.5 (b)-----	12 U. S. C. 264 (v) (8)-----	IV sec. 5 (b)-----	Do.
	304.5 (c)-----	12 U. S. C. 264 (v) (8)-----	IV sec. 5 (c)-----	Do.
	304.5 (d)-----	12 U. S. C. 264 (v) (8)-----	IV sec. 5 (d)-----	Do.
	304.5 (e)-----	12 U. S. C. 264 (v) (8)-----	IV sec. 5 (e)-----	Do.
	304.6 (a)-----	12 U. S. C. 264 (v) (8)-----	IV (supp.) sec. 1-----	" Dec. 21, 1935.
	304.6 (b)-----	12 U. S. C. 264 (v) (8)-----	IV (supp.) sec. 2-----	" Do.
	304.6 (c)-----	12 U. S. C. 264 (v) (8)-----	IV (supp.) sec. 3-----	" Do.
	304.6 (d)-----	12 U. S. C. 264 (v) (8)-----	IV (supp.) sec. 4-----	" Do.
305	305.1-----	12 U. S. C. 264 (m) (3)-----	-----	(1)
	305.2-----	12 U. S. C. 264 (m) (3)-----	-----	(1)
	305.3-----	12 U. S. C. 264 (m) (3)-----	-----	(1)
	305.4-----	12 U. S. C. 264 (m) (3)-----	-----	(1)
	305.4-----	-----	-----	(1)
	305.5-----	-----	-----	(1)
306	306.1-----	12 U. S. C. 264 (j) "Fourth"-----	-----	(1)
307	307.1-----	12 U. S. C. 264 (c) (13), (h) (9) and (m) (3)-----	-----	(2)
	307.1 (a)-----	12 U. S. C. 264 (c) (13), (h) (9) and (m) (3)-----	-----	
	307.1 (b)-----	12 U. S. C. 264 (c) (13), (h) (9) and (m) (3)-----	-----	
	307.1 (c)-----	12 U. S. C. 264 (c) (13), (h) (9) and (m) (3)-----	-----	
	307.1 (d)-----	12 U. S. C. 264 (c) (13), (h) (9) and (m) (3)-----	-----	
308	308.1-----	12 U. S. C. 264 (j) (k) (n)-----	-----	(2)
	308.2-----	12 U. S. C. 264 (j) (k) (n)-----	-----	
	308.3-----	12 U. S. C. 264 (j) (k) (n)-----	-----	
	308.3 (a)-----	12 U. S. C. 264 (j) (k) (n)-----	-----	
	308.3 (b)-----	12 U. S. C. 264 (j) (k) (n)-----	-----	
	308.3 (c)-----	12 U. S. C. 264 (j) (k) (n)-----	-----	
	308.3 (d)-----	12 U. S. C. 264 (j) (k) (n)-----	-----	
	308.3 (e)-----	12 U. S. C. 264 (j) (k) (n)-----	-----	
	308.3 (f)-----	12 U. S. C. 264 (j) (k) (n)-----	-----	
	308.4-----	12 U. S. C. 264 (j) (k) (n)-----	-----	
309	309.1 (a)-----	12 U. S. C. 264 (h) (i) (j)-----	-----	(2)
	309.1 (b)-----	12 U. S. C. 264 (h) (i) (j)-----	-----	
	309.2 (a)-----	12 U. S. C. 264 (h) (i) (j)-----	-----	
	309.2 (b)-----	12 U. S. C. 264 (h) (i) (j)-----	-----	
	309.3 (a)-----	12 U. S. C. 264 (h) (i) (j)-----	-----	
	309.3 (b)-----	12 U. S. C. 264 (h) (i) (j)-----	-----	
	309.3 (c)-----	12 U. S. C. 264 (h) (i) (j)-----	-----	
	309.3 (d)-----	12 U. S. C. 264 (h) (i) (j)-----	-----	

<sup>12</sup> Amended by resolution adopted June 18, 1938, prescribing minimum rate of interest.

<sup>13</sup> Effective Feb. 1, 1936.

<sup>14</sup> Formerly rule in re deposits evidenced by negotiable instruments; adopted Oct. 1, 1935, as amended May 3, 1939.

<sup>15</sup> Resolution adopted May 20, 1937, as amended May 3, 1939.

<sup>16</sup> Resolution adopted July 1, 1938, as amended May 3, 1939.

<sup>17</sup> Former section 305.4 adopted by resolution June 20, 1939, as amended Dec. 13, 1939, related to deposits of approved Federal Housing Administration mortgagees.

<sup>18</sup> Former sections 305.4, 305.5 (adopted by resolution March 24, 1942), and 305.6 (adopted by resolution Dec. 5, 1942) relating to recognition of deposit ownership not on bank records in specific cases, repealed upon adoption Feb. 20, 1946 of general rule now embodied in section 305.4, as amended.

<sup>19</sup> Amended by resolution adopted Jan. 27, 1944.

<sup>20</sup> Resolution adopted July 8, 1939.

<sup>21</sup> Resolution adopted Apr. 23, 1943.

<sup>22</sup> Resolution adopted Mar. 17, 1944.