

FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 1659]
April 16, 1936]

PAYMENT OF INTEREST AFTER MATURITY ON TIME CERTIFICATE OF DEPOSIT
RENEWED WITHIN TEN DAYS AFTER MATURITY

*To all Member Banks in the
Second Federal Reserve District:*

At the request of the Board of Governors of the Federal Reserve System the attention of all member banks in the Second Federal Reserve District is called to a letter of the Board dated April 13, 1936, the substance of which is as follows:

A question has arisen regarding the difference between section 3(f) of Regulation Q of the Board and section 3(e) of Regulation IV of the Federal Deposit Insurance Corporation, relating to the payment of interest after maturity on deposits which are renewed within ten days after maturity.

The terms of Regulation Q do not contain a provision for the payment by a member bank of interest on a time deposit between the date of maturity of the certificate representing such deposit and the date of the renewal of such certificate even though such renewal certificate is dated back to the date of the maturity of the original certificate.

However, after considering all of the attendant circumstances, the Board has decided that it will offer no objection to the payment by a member bank of interest on a time deposit at a rate not exceeding the applicable maximum rate prescribed in Regulation Q for the period between the maturity date of the certificate representing such deposit and the date of renewal thereof, provided such certificate is renewed within ten days after maturity and the renewal certificate is dated back to the date of maturity of the original certificate.

Additional copies of this circular will be furnished upon request.

J. H. CASE,
Federal Reserve Agent.