

**FEDERAL RESERVE BANK
OF NEW YORK**

[Circular No. 1731, January 30, 1937
Reference to Circulars Nos. 1614, 1623, 1635 and 1719]

**Postponement to May 1, 1937 of Effective Date of Definition
of Interest in Subsection (f) of Section 1 of Regulation Q.**

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

In our Circular No. 1719, dated December 21, 1936, you were advised that the Board of Governors of the Federal Reserve System had taken action fixing February 1, 1937 as the date on which subsection (f) [entitled "Interest"] of section 1 of its Regulation Q relating to the payment of interest on deposits would become effective.

The Board of Governors today requested us to advise you that it has deferred until May 1, 1937 the date upon which such subsection (f) of section 1 of Regulation Q will become effective. In announcing its action the Board of Governors issued the following public statement:

"Chairman Steagall, of the House Banking and Currency Committee, and Chairman Wagner, of the Senate Banking and Currency Committee, have requested the Board of Governors of the Federal Reserve System to postpone the effective date of the definition of interest contained in subsection (f) of section 1 of the Board's Regulation Q, which the Board on December 21, 1936, announced would become effective on February 1, 1937.

"The Board, after careful consideration, had reached the conclusion that the law and the existence of certain banking practices required the adoption of this definition but the Board feels that the request which these two chairmen have now made should be granted in view of the fact that the Board has been informed that a number of members of Congress are giving consideration to the question of the advisability of amending the law under which the Board's regulation was issued, and desire additional time for that purpose. The Board, therefore, has postponed from February 1 to May 1, 1937, the effective date of subsection (f) of section 1 of Regulation Q, which contains the definition of interest."

Additional copies of this circular will be furnished upon request.

GEORGE L. HARRISON,
President.