

PAYMENT OF INTEREST ON DEPOSITS
FEDERAL RESERVE BANK
OF NEW YORK

AMENDMENT TO REGULATION Q

Board of the Board of Governors of the Federal Reserve System

[Circular No. 5134]
January 8, 1962

April 19, 1962

Effective January 15, 1962, section 217.1(a) is amended to read as follows:

SECTION 217.1-DEFINITIONS

AMENDMENTS TO REGULATIONS Q AND D

Effective January 15, 1962

(a) Savings deposits—(1) The term "savings deposit" means a deposit

To the Member Banks of the
Second Federal Reserve District:

Enclosed are copies of an amendment to Regulation Q and of an amendment to Regulation D of the Board of Governors of the Federal Reserve System, both effective January 15, 1962.

The purpose of the amendment to Regulation Q is (1) to prevent certain practices that facilitate the use of a savings deposit as a regular means for drawing checks on the depository bank, and (2) to add certain liberalizing provisions that would permit payment of a savings deposit to anyone holding title to the deposit in a fiduciary capacity or pursuant to a court order, or as security for credit extended to the depositor. The purpose of the amendment to Regulation D is to conform the definition of "savings deposits" as contained in Regulation D to the definition of this term in Regulation Q.

Additional copies of the enclosures will be furnished upon request.

ALFRED HAYES,
President.

(Over)

PAYMENT OF INTEREST ON DEPOSITS

AMENDMENT TO REGULATION Q

ISSUED BY THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Effective January 15, 1962, section 217.1(e) is amended to read as follows:

SECTION 217.1--DEFINITIONS

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(e) **Savings deposits.**—(1) The term "savings deposit" means a deposit

(i) which consists of funds 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;⁴ or in which the entire beneficial interest is held by one or more individuals or by such a corporation, association, or other organization; and

(ii) with respect to which 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 30 days before such withdrawal is made.

(2) Subject to the provisions of subparagraph (3) of this paragraph, a member bank may permit withdrawals to be made from a savings deposit only through payment⁵ to the depositor himself (but not to any other person whether or not acting for the depositor), except

(i) where the deposit is represented by a pass book, to any person presenting the pass book;⁵

⁴ 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.

⁵ Payment from a savings deposit or presentation of a pass book may be made over the counter, through the mails, or otherwise.

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(ii) to an executor, administrator, trustee, or other fiduciary holding the savings deposit as part of a fiduciary estate, or to a person, other than the bank of deposit, holding a general power of attorney granted by the depositor;

(iii) to any person, including the depository bank, that has extended credit to the depositor on the security of the savings deposit, where such payment is made in order to enable the creditor to realize upon such security;

(iv) pursuant to the order of a court of competent jurisdiction;

(v) upon the death of the depositor, to any person authorized by law to receive the deposit; or

(vi) with respect to interest paid to a third person pursuant to written instruction or assignment by the depositor accepted by the bank, and placed on file therein.

(3) Notwithstanding the provisions of subparagraph (2) of this paragraph, no withdrawal shall be permitted by a member bank to be made from a savings deposit after January 15, 1962, through payment to the bank itself or through transfer of credit to a demand or other deposit account of the same depositor (other than of interest on the savings deposit) if such payment or transfer is made pursuant to any advertised plan or any agreement, written or oral,

(i) which authorizes such payments or transfers of credit to be made as a normal practice in order to cover checks or drafts drawn by the depositor upon the bank; or

(ii) which provides that such payments or transfers of credit shall be made at daily, monthly, or other such periodic intervals, except where made to enable the bank, on the depositor's behalf and pursuant to his written instructions, to effect the payment of installments of principal, interest, or other charges (including taxes or insurance premiums) due on a real estate loan or mortgage.

(4) Where a savings deposit is evidenced by a pass book, every withdrawal made upon presentation of the pass book shall be entered in the pass book at the time of withdrawal, and every other withdrawal from such a deposit shall be entered in the pass book as soon as practicable after the withdrawal is made.

FEDERAL RESERVE BANK OF NEW YORK
Federal Reserve Bank of St. Louis
ISSUING OF TWO SERIES OF TREASURY NOTES
Federal Reserve Bank of St. Louis
(To be Issued January 18, 1962)
ISSUING OF 100 Day Notes, Dated January 18, 1962, Due 182 Days

RESERVES OF MEMBER BANKS

AMENDMENT TO REGULATION D

ISSUED BY THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Effective January 15, 1962, section 204.1(e) is amended to read as follows:

SECTION 204.1--DEFINITIONS.

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(e) **Savings deposits.**—The term "savings deposit" means a deposit

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(1) which consists of funds 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;⁴ or in which the entire beneficial interest is held by one or more individuals or by such a corporation, association, or other organization; and

(2) with respect to which 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 30 days before such withdrawal is made.

⁴ 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.

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