

(INTERPRETATION OF BANKING ACT OF 1933)

Copies to be sent to all Federal reserve banks.

September 27, 1933.

Mr. _____,
_____,
_____.

Dear Sir:

Receipt is acknowledged of your letter of July 22, 1933, in which you request to be advised (1) whether a time certificate of deposit may be paid before its maturity, provided that no interest is paid thereon; and (2) whether a time certificate of deposit which provides that it is "payable six or twelve months after date" may be paid at the expiration of only nine months from date, with interest thereon.

In regard to the first question which you raise, it is the opinion of the Board that a time certificate of deposit may not lawfully be paid before the maturity thereof, even though no interest is paid thereon. In this connection, your attention is directed to Section IV of the inclosed Regulation Q, relative to the payment of time deposits before maturity.

Since you have not furnished the Board with a copy of the time certificate of deposit which you state is "payable six or twelve months after date", the Board is unable to advise you definitely at this time whether or not such certificate may lawfully be paid nine months after date. It would appear, however, that if such certificate were not paid at the expiration of six months from date, it would automatically be renewed in accordance with its terms for an additional

six months, and, accordingly, that it would then be payable at the expiration of such additional six months period and could not lawfully be paid before the expiration of such period, even though no interest were paid thereon.

Very truly yours,

(Signed) L. P. Bethea

L. P. Bethea,
Assistant Secretary.

Inclosure.