

INTERPRETATION OF BANKING ACT OF 1933.

(Copies to be sent to all Federal Reserve Banks)

December 11, 1933.

Mr. L. B. Williams,
Federal Reserve Agent,
Federal Reserve Bank of Cleveland,
Cleveland, Ohio.

Dear Mr. Williams:

This refers to your letter of September 12, 1933, inclosing a copy of a form of notice of intention to withdraw savings deposits from the _____ Trust Company of _____, _____. You state that it is proposed to reprint this form so as to include therein a statement to the effect that, if the intended withdrawal is not accomplished within a specified period after the date of maturity, the funds are to be reinstated as savings deposits to the credit of the depositor's account; and you request to be advised, whether, in the opinion of the Board, a notice of intention to withdraw such deposits containing such a provision would be in harmony with Section V(f) of the Board's Regulation Q.

As you know, the above-mentioned section of Regulation Q provides that, after the expiration of the period of notice given with respect to the intended withdrawal of a savings deposit, such deposit becomes a deposit payable on demand; but that the owner of such deposit may advise the bank in writing that the deposit will not be withdrawn or that it will again be subject to the requirements applicable to savings deposits, in which event such deposit again constitutes a savings deposit after the date upon which such advice is received by the bank. It is not required that such written notice

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with respect to the depositor's intention not to withdraw the deposit must be given after the expiration of the period of notice of his intention to withdraw the deposit.

After careful consideration of this matter, the Board is of the opinion that the provision proposed to be added to the inclosed form of notice of intention to withdraw savings deposits would constitute written notice within the meaning of the section in question, and that, if the deposit is not withdrawn within the period specified, it would again become a savings deposit within the meaning of Regulation Q upon the expiration of such period.

It should be noted, however, that no interest may be paid by the bank for the period intervening between the date of the expiration of the period of notice with respect to intended withdrawal and the date on which the deposit again becomes a savings deposit. It should also be noted that, if the provision here under consideration be adopted by the bank, the requirements of Section VI of Regulation Q, relating to the withdrawal of savings deposits, must be observed.

Very truly yours,

(Signed) Chester Morrill

Chester Morrill,
Secretary.