

X-7874

## INTERPRETATION OF BANKING ACT OF 1933

(Copies to be sent to all Federal Reserve Banks.)

April 24, 1934.

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\_\_\_\_\_,  
\_\_\_\_\_.

Dear Sir:

Your letter of March 19, 1934, addressed to the Comptroller of the Currency, has been referred to the Federal Reserve Board for reply. You request to be advised whether it is permissible to allow checks to be drawn against savings accounts before interest paying dates and also whether it is permissible to handle in the savings department an account for another bank on which interest is paid but against which no checks are drawn before interest paying dates.

With respect to your first question, it is noted that you refer to the drawing of checks against savings accounts. One of the requirements of a savings deposit, as the term is defined in Section V of the Federal Reserve Board's Regulation Q, is that the pass book or other form of receipt evidencing such deposit must be presented to the bank whenever a withdrawal is made. The drawing of checks against an account in the usual sense does not constitute a compliance with this requirement, and, unless the accounts in question are deposits of funds with respect to which the pass book or other form of receipt evidencing such deposits must be presented to the bank whenever a withdrawal is made and are deposits which otherwise comply with the requirements of

savings deposits as defined in subsection (a) of Section V of the Board's Regulation Q, it is believed that interest may not lawfully be paid thereon.

If, however, the presentation of the pass book or other form of receipt is required upon the withdrawal of funds from such accounts and such accounts otherwise conform to the definition of savings deposits which is contained in the regulation, there is no provision in the law or in the Board's regulation which would prohibit the withdrawal of funds from such accounts prior to the dates upon which interest is customarily paid by the bank thereon, provided that the withdrawal of such funds is made in accordance with the provisions of Section VI of Regulation Q and that the interest paid is not in excess of the rate prescribed in such regulation.

With respect to your second question, it is understood that you wish to be advised whether funds received from another bank may properly be regarded as savings deposits within the meaning of the Board's Regulation Q. In the opinion of the Federal Reserve Board, funds of another bank deposited in your bank would not constitute a deposit consisting of funds accumulated for bona fide thrift purposes and may not, therefore, be considered savings deposits within the meaning of the definition set forth in Regulation Q.

Very truly yours,

(Signed) Chester Morrill

Chester Morrill,  
Secretary.