

INTERPRETATION OF BANKING ACT OF 1933

(Copies to be sent to all Federal reserve banks)

July 27, 1934.

Mr. _____, Cashier,
The _____ Bank of _____,
_____.

Dear Sir:

Your letter of June 8, 1934, addressed to the Comptroller of the Currency, regarding the renewal of matured certificates of deposit has been referred to the Federal Reserve Board for reply.

It is understood that in view of the fact that many of the customers of your bank are unable to get into town on the exact date of the maturities of their certificates of deposit, you wish to be advised whether you may lawfully renew a certificate of deposit prior to its maturity, dating the new certificate as of the date of maturity of the original certificate. It is noted that you state that all certificates presented after maturity are renewed as of the date presented, and that interest is paid only to the date of maturity of the original certificate.

Upon the basis of the information submitted it appears that the practice which you suggest involves merely the making of a new contract of deposit with respect to the funds in question which is to take effect on the date of maturity of the original certificate and that no part of the funds evidenced by the original certificate is withdrawn until the maturity of the renewal certificate. There is no provision of law which would preclude the adoption of this procedure and the Federal Reserve Board has no objection thereto.

Very truly yours,
(Signed) Chester Morrill
Chester Morrill,
Secretary.