

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-9157

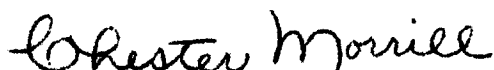
March 21, 1935.

Dear Sir:

Under date of February 8, 1935 (X-9118), you were advised that the Federal Reserve Board had prescribed a maximum interest rate of 4% per annum on savings deposits and 6% per annum on other time deposits payable only at offices of member banks located outside of the United States.

The Board has now decided to permit offices of member banks located in China and in the British Crown Colony of Hong Kong to pay interest at a rate not in excess of 7% per annum on time deposits other than savings deposits, and a copy of the amended authorization is attached.

Very truly yours,

Chester Morrill,
Secretary.

Inclosure.

X-9157-a

March 21, 1935.

MAXIMUM RATES OF INTEREST PAYABLE ON TIME AND SAVINGS
DEPOSITS OUTSIDE OF THE UNITED STATES.

Under the provisions of Regulation Q (paragraph (5) of subsection (c) of Section III and paragraph (5) of subsection (c) of Section V), a member bank may pay interest on a time or savings deposit which is payable only at an office of such bank located outside of the States of the United States and of the District of Columbia at a rate not exceeding the maximum rate set forth in Regulation Q "or such higher maximum rate as may be prescribed by the Federal Reserve Board from time to time for payment in the locality in which such office is located".

In accordance with these provisions of Regulation Q, the Federal Reserve Board hereby prescribes the following maximum rates of interest which may be paid by member banks on time and savings deposits payable only at offices of such banks located outside of the States of the United States and of the District of Columbia:

(a) On savings deposits as defined in Regulation Q, a rate not in excess of 4 per cent per annum, compounded quarterly, regardless of the basis upon which such interest may be computed;

(b) On time deposits as defined in Regulation Q, except as provided in paragraph (c) below, a rate not in excess of 6 per cent per annum, compounded quarterly, regardless of the basis upon which such interest may be computed;

X-9157-4

-2-

(c) On time deposits as defined in Regulation Q, payable only at offices of such banks located in the Republic of China or in the British Crown Colony of Hong Kong, a rate not in excess of 7 per cent per annum, compounded quarterly, regardless of the basis upon which such interest may be computed.

Such maximum rates of interest shall be effective March 16, 1935, and until such time as different rates may hereafter be prescribed by the Federal Reserve Board.

The above are the maximum rates of interest which may be paid by member banks on such deposits in places outside of the States of the United States and of the District of Columbia. However, the Federal Reserve Board will expect that no member bank will pay interest on any such deposit at a rate in excess of that paid on deposits of a like class by competing institutions situated in the locality in which such payment of interest is made.