

INTERPRETATIONBANKING ACT OF 1935

(Copies to be sent to all Federal Reserve banks)

January 7, 1936.

Mr. _____, Assistant Vice President,
_____ Bank & Trust Company of _____,
_____.

Dear Sir:

This refers to your letter dated December 13, 1935, in which you request a ruling upon the question whether the Christmas Club accounts of your bank constitute savings deposits within the definition contained in section 1(e) of the revision of Regulation Q, effective January 1, 1936. Inclosed with your letter was a specimen of the Christmas Club book used by your bank and a specimen of the card on which the bank keeps a record of the deposits made in such accounts.

The first paragraph of section 1(e) of the recent revision of Regulation Q states that "the term 'savings deposit' means a deposit, evidenced by a pass book, * * * ." The last paragraph of section 1(e) of such regulation reads as follows:

"Every withdrawal made upon presentation of a pass book shall be entered in the pass book at the time of the withdrawal, and every other withdrawal shall be entered in the pass book as soon as practicable after the withdrawal is made."

In view of the above provisions, it is the opinion of the Board that the term "pass book" as used in such definition means an account book in which deposits and withdrawals are entered.

It appears that the Christmas Club book inclosed with your

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letter is a book containing coupons which are stamped "Paid" at the time the deposits are made and are torn out by the bank and retained for its records as evidence of each of the 50 weekly deposits or "payments" made by the depositor. The book also contains a stub for each coupon which is stamped to show that a deposit has been made, such stub being retained by the depositor. It appears, however, that such book contains no provision for entries of withdrawals and, accordingly, it is the view of the Board that it is not a "pass book" within the meaning of such term as used in section 1(e) of Regulation Q. Since the Christmas Club book does not constitute a "pass book" within the meaning of such section, the deposit is not a savings deposit even though it may have some of the other characteristics of a savings deposit. However, as indicated in footnote 2 of the recent revision of Regulation Q, such a Christmas Club account may constitute a time deposit, open account if it meets the other requirements of the definition contained in section 1(d) of such regulation.

If you have any further question regarding this matter or any similar matter, it will be appreciated if you will communicate with the Federal Reserve Bank of _____, which will be glad to answer your inquiries.

Very truly yours,

Chester Morrill,
Secretary.