

S-408
Reg. Q-43

INTERPRETATION OF LAW OR REGULATION

(Copies to be sent to all Federal Reserve Banks)

December 17, 1941

TELEGRAM

Young - Boston
Sproul - New York
Williams - Philadelphia
Leach - Richmond
McLarin - Atlanta

Young - Chicago
Davis - St. Louis
Leedy - Kansas City
Gilbert - Dallas
Day - San Francisco

In response to inquiries from two Federal Reserve Banks with respect to the question whether permission should be given for the withdrawal, for the purpose of purchasing United States Defense Bonds, of time deposits before maturity, or of savings deposits without requiring notice of withdrawal (where it is the practice of the bank to require such notice), the Board has replied as follows, having in mind that Regulation Q permits the payment of time deposits before maturity in certain emergencies but does not extend this privilege to savings deposits:

"Emphasis of defense bond campaign is on voluntary character of investment and upon use for this purpose of funds currently available. Therefore, circumstances do not constitute an emergency within meaning of section 4(d) of regulation Q and to amend regulation so as to permit immediate withdrawal to purchase defense bonds might result in misunderstanding as to Government's need of funds from this source."

(Signed) Chester Morrill