

out as a References in Other Laws note under section 1921 of Title 7, Agriculture.

#### EXCEPTION AS TO TRANSFER OF FUNCTIONS

Functions vested by any provision of law in Comptroller of the Currency, referred to in this section, not included in transfer of functions to Secretary of the Treasury, see note set out under section 1 of this title.

#### § 371a. Payment of interest on demand deposits

No member bank shall, directly or indirectly, by any device whatsoever, pay any interest on any deposit which is payable on demand: *Provided*, That nothing herein contained shall be construed as prohibiting the payment of interest in accordance with the terms of any certificate of deposit or other contract entered into in good faith which is in force on the date on which the bank becomes subject to the provisions of this section; but no such certificate of deposit or other contract shall be renewed or extended unless it shall be modified to conform to this section, and every member bank shall take such action as may be necessary to conform to this section as soon as possible consistently with its contractual obligations: *Provided further*, That this section shall not apply to any deposit of such bank which is payable only at an office thereof located outside of the States of the United States and the District of Columbia: *Provided further*, That until the expiration of two years after August 23, 1935, this section shall not apply (1) to any deposit made by a savings bank as defined in section 12B of this Act, as amended, or by a mutual savings bank, or (2) to any deposit of public funds made by or on behalf of any State, county, school district, or other subdivision or municipality, or to any deposit of trust funds if the payment of interest with respect to such deposit of public funds or of trust funds is required by State law. So much of existing law as requires the payment of interest with respect to any funds deposited by the United States, by any Territory, District, or possession thereof, or by any public instrumentality, agency, or officer of the foregoing, as is inconsistent with the provisions of this section is repealed. Notwithstanding any other provision of this section, a member bank may permit withdrawals to be made automatically from a savings deposit that consists only of funds in which the entire beneficial interest is held by one or more individuals through payment to the bank itself or through transfer of credit to a demand deposit or other account pursuant to written authorization from the depositor to make such payments or transfers in connection with checks or drafts drawn upon the bank, pursuant to terms and conditions prescribed by the Board.

(Dec. 23, 1913, ch. 6, § 19(i), formerly § 19 par. (12), as added June 16, 1933, ch. 89, § 11(b), 48 Stat. 181; amended Aug. 23, 1935, ch. 614, title III, § 324(c), 49 Stat. 714; Proc. No. 2695, eff. July 4, 1946, 11 F.R. 7517, 60 Stat. 1352; renumbered § 19(i), Pub. L. 89-597, § 2(b), Sept. 21, 1966, 80 Stat. 824; Pub. L. 96-161, title I, § 101(a), Dec. 28, 1979, 93 Stat. 1233; Pub. L. 96-221, title III, §§ 302(a), 307, Mar. 31, 1980, 94 Stat. 145, 147.)

#### REFERENCES IN TEXT

Section 12B of this Act [Federal Reserve Act], as amended, referred to in text, formerly classified to sec-

tion 264 of this title, has been withdrawn from the Federal Reserve Act and incorporated in the Federal Deposit Insurance Act which is classified to chapter 16 (§ 1811 et seq.) of this title.

This section, referred to in the last sentence, means section 19 of act Dec. 23, 1913, as amended, which is classified to sections 142, 371a, 371b, 371b-1, 374, 374a, 461, 463 to 466, 505, and 506 of this title.

#### CODIFICATION

Words "(including the Philippine Islands)" following "or any possession thereof" were omitted from text on authority of Proc. No. 2695, which granted independence to the Philippine Islands pursuant to section 1394 of Title 22. Proc. No. 2695 is set out as a note under section 1394 of Title 22, Foreign Relations and Intercourse.

#### AMENDMENTS

1980—Pub. L. 96-221, §§ 302(a), 307, inserted provision identical to provision added by Pub. L. 96-161 respecting authorization of member banks to permit withdrawals to be made automatically from savings deposits consisting only of funds in which the entire beneficial interest is held by one or more individuals through payment to the bank itself or through transfer of credit to a demand deposit or other account pursuant to written authorization from the depositor to make such transfer or payments in connection with checks or drafts drawn upon the bank, and repealed the amendment made by Pub. L. 96-161. See Repeals and Effective Date of 1980 Amendment notes below.

1979—Pub. L. 96-161 inserted provision allowing member banks to permit withdrawals to be made automatically from a savings deposit that consists only of funds in which the entire beneficial interest is held by one or more individuals through payment to the bank itself or through transfer of credit to a demand deposit or other account pursuant to written authorization from the depositor to make such payments or transfers in connection with checks or drafts drawn upon the bank, pursuant to terms and conditions prescribed by the Board.

1935—Act Aug. 23, 1935, affected three provisos and added last sentence.

#### EFFECTIVE DATE OF 1980 AMENDMENT

Section 306 of title III of Pub. L. 96-221 provided that: "The amendments made by sections 302, 304, and 305 of this title [amending this section and sections 1464, 1752, 1757, 1763, 1785, and 1828 of this title] shall take effect at the close of March 31, 1980, and the amendments made by section 303 of this title [amending section 1832 of this title] shall take effect on December 31, 1980."

#### EFFECTIVE AND TERMINATION DATES OF 1979 AMENDMENT

Section 104 of Pub. L. 96-161 which provided that the amendments made by sections 101-103 [amending this section and sections 1464, 1752, 1757, and 1828 of this title] shall take effect on Dec. 31, 1979, and shall remain in effect until the close of Mar. 31, 1980, was omitted from the Code in view of the repeal of the amendments made by sections 101-103 of Pub. L. 96-161 by Pub. L. 96-221, title III, § 307, Mar. 31, 1980, 94 Stat. 147.

#### REPEALS

Amendment by section 101 of Pub. L. 96-161, cited as a credit to this section, was repealed at the close of Mar. 31, 1980, by section 307 of Pub. L. 96-221, and substantially identical provisions were enacted by section 302 of Pub. L. 96-221, such amendments to take effect at the close of Mar. 31, 1980.

#### § 371b. Rate of interest on time deposits; payment of time deposits before maturity; waiver of notice requirements for withdrawal of savings deposits

The Board may from time to time, after consulting with the Board of Directors of the Fed-

eral Deposit Insurance Corporation and the Federal Home Loan Bank Board, prescribe rules governing the advertisement of interest on deposits by member banks on time and savings deposits. The provisions of this section shall not apply to any deposit which is payable only at an office of a member bank located outside of the States of the United States and the District of Columbia. During the period commencing on October 15, 1962, and ending on October 15, 1968, the provisions of this paragraph shall not apply to the rate of interest which may be paid by member banks on time deposits of foreign governments, monetary and financial authorities of foreign governments when acting as such, or international financial institutions of which the United States is a member.

(Dec. 23, 1913, ch. 6, §19(j), formerly §19 (par. 13), as added June 16, 1933, ch. 89, §11(b), 48 Stat. 182; amended Aug. 23, 1935, ch. 614, title III, §324(c), 49 Stat. 714; Pub. L. 87-827, §1, Oct. 15, 1962, 76 Stat. 953; Pub. L. 89-79, §1, July 21, 1965, 79 Stat. 244; renumbered §19(j) and amended Pub. L. 89-597, §2(b), (c), Sept. 21, 1966, 80 Stat. 824; Pub. L. 90-505, §2(a), Sept. 21, 1968, 82 Stat. 856; Pub. L. 96-221, title II, §207(b)(4)-(6), Mar. 31, 1980, 94 Stat. 144.)

#### AMENDMENTS

1980—Pub. L. 96-221 struck out provisions relating to payment of interest on deposits, prescribing of different limitations by the Board for different classes of deposits, and payment of time deposits before maturity.

1968—Pub. L. 90-505 gave Board power to prescribe rules governing the payment and advertising of interest on deposits.

1966—Pub. L. 89-597, §2(c), made authority of Board to prescribe maximum permissible rates of interest that may be paid by member banks on time and savings deposits discretionary rather than mandatory, required prior consultations with the FDIC Board and the FHLB Board, authorized different rate limitations for different classes of deposits, for deposits of different amounts, or according to such other reasonable bases as the Board may deem desirable in the public interest, and struck out provision for rate limitation according to the varying discount rates of member banks in the several Federal Reserve districts.

1965—Pub. L. 89-79 extended until Oct. 15, 1968, the period during which the provisions of this paragraph do not apply to the rate of interest payable by member banks on time deposits of foreign governments, monetary and financial authorities of foreign governments when acting as such, or international financial institutions of which the United States is a member.

1962—Pub. L. 87-827 inserted sentence making this paragraph inapplicable, during the period commencing on October 15, 1962, and ending upon the expiration of three years after such date, to the rate of interest which may be paid by member banks on time deposits of foreign governments, monetary and financial authorities of foreign governments when acting as such, or international financial institutions of which the United States is a member.

1935—Act Aug. 23, 1935, among other changes, inserted "except upon such conditions and in accordance with such rules and regulations as may be prescribed by the said Board" to second sentence and proviso.

#### EFFECTIVE DATE OF 1980 AMENDMENT

Section 207(b) of Pub. L. 96-221 provided in part that the amendment made by that section is effective 6 years after Mar. 31, 1980.

#### EFFECTIVE AND TERMINATION DATES OF 1966 AMENDMENT

Section 7 of Pub. L. 89-597, as amended, formerly set out as an Effective and Termination Dates of 1966 Amendment note under section 461 of this title (which provided in part that amendment of this section by section 2(c) of Pub. L. 89-597 was effective only to Dec. 15, 1980, and that on Dec. 15, 1980, this section was amended to read as it would without the amendment by section 2(c) of Pub. L. 89-597), was repealed by section 207(a) of Pub. L. 96-221.

#### TRANSFER OF FUNCTIONS

Federal Home Loan Bank Board abolished and functions transferred, see sections 401 to 406 of Pub. L. 101-73, set out as a note under section 1437 of this title.

#### TIME DEPOSITS; INTEREST RATES, LIMITATION

Pub. L. 93-123, Oct. 15, 1973, 87 Stat. 448, provided that in carrying out the Act of September 21, 1966 (Pub. L. 89-597) [enacting section 1425b of this title, amending sections 355, 371b, 461, and 1828 of this title and section 771 of former Title 31, repealing section 462a-1 of this title, and enacting provisions set out as notes under section 461 of this title] and other provisions of law, the Secretary of the Treasury, the Board of Governors of the Federal Reserve System, the Board of Directors of the Federal Deposit Insurance Corporation, and the Federal Home Loan Bank Board take action to limit rates of interest or dividends paid on time deposits of less than \$100,000 by institutions regulated by them, prior to repeal by Pub. L. 96-221, title II, §207(b)(13), Mar. 31, 1980, 94 Stat. 144, eff. 6 years after Mar. 31, 1980.

#### § 371b-1. Repealed. Pub. L. 96-221, title V, § 529, Mar. 31, 1980, 94 Stat. 168

Section, act Dec. 23, 1913, ch. 6, §19(k), as added Dec. 28, 1979, Pub. L. 96-161, title II, §208, 93 Stat. 1238, provided that no member bank or affiliate thereof, or any successor or assignee of such member bank or affiliate or any endorser, guarantor, or surety of such member bank or affiliate could plead, raise, or claim directly or by counterclaim, setoff, or otherwise, with respect to any deposit or obligation of such member bank or affiliate, any defense, right, or benefit under any provision of a statute or constitution of a State or of a territory of the United States, or of any law of the District of Columbia, regulating or limiting the rate of interest which could be charged, taken, received, or reserved, that any such provision was preempted, and that no civil or criminal penalty which would otherwise have been applicable under such provision would apply to such member bank or affiliate or to any other person.

#### EFFECTIVE DATE OF REPEAL

Section 529 of Pub. L. 96-221 provided in part that the repeal of this section is effective at the close of Mar. 31, 1980.

#### SAVINGS PROVISION

Section 529 of Pub. L. 96-221 provided in part that, notwithstanding the repeal of Pub. L. 96-104 and title II of Pub. L. 96-161, this section [which had been enacted by those laws] shall continue to apply to any loan made, any deposit made, or any obligation issued in any State during any period when this section was in effect in such State.

#### PRIOR PROVISIONS

A prior section 371b-1, act Dec. 23, 1913, ch. 6, §19(k), as added Nov. 5, 1979, Pub. L. 96-104, title II, §201, 93 Stat. 792, identical to this section as added by Pub. L. 96-161, was repealed by section 212 of Pub. L. 96-161, effective at the close of Dec. 27, 1979, except that its provisions would continue to apply to deposits made or obligations issued in any State on or after Nov. 5, 1979, but prior to such repeal. See Effective Date of 1979 Amendment note set out below.