Federal Deposit Insurance Corporation

§ 329.104 Ten-day grace period.

This interpretive rule provides for 10-day grace periods during which interest is a natural person or otherwise) is deemed to be a demand deposit if all the beneficiaries of the account are natural persons.

[51 FR 10808, Mar. 31, 1986, as amended at 74 FR 47052, Sept. 15, 2009]

§ 329.103 Premiums.

This interpretive rule describes certain payments that are not deemed to be interest as defined in §329.1(c).

(a) Premiums, whether in the form of merchandise, credit, or cash, given by a bank to the holder of a deposit will not be regarded as interest as defined in §329.1(c) if:

(1) The premium is given to the depositor only at the time of the opening of a new account or an addition to an existing account;

(2) No more than two premiums per deposit are given in any twelve-month interval; and 

(3) the value of the premium (in the case of merchandise, the total cost to the bank, including shipping, warehousing, packaging, and handling costs) does not exceed $10 for a deposit of less than $5,000 or $20 for a deposit of $5,000 or more.

(b) The costs of premiums may not be averaged.

(c) A bank may not solicit funds for deposit on the basis that the bank will divide the funds into several accounts for the purpose of enabling the bank to pay the depositor more than two premiums within a twelve-month interval on the solicited funds.

(d) The bank must retain sufficient information for examiners to determine that the requirements of this section have been satisfied.

(e) Notwithstanding paragraph (a) of this section, any premium that is not, directly or indirectly, related to or dependent on the balance in a demand deposit account and the duration of the account balance shall not be considered the payment of interest on a demand deposit account and shall not be subject to the limitations in paragraph (a) of this section.