

From: [Charles Geimer](#)
To: [Comments](#)
Subject: RIN 3064-AD78, Interest on Deposits - Proposed, April 15, 2011
Date: Friday, April 15, 2011 7:35:07 AM

If you are going to keep the definition of interest from 329.1(c), I request that you also keep the definition of Premiums from 329.103 which is an interpretive rule of 329.1(c).

Add the following as a new paragraph n and renumber the definitions that follow:

Premiums.

This interpretive rule describes certain payments that are not deemed to be "interest" as defined in § 330.1(k).

(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 § 330.1(k) 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.

Thank you for your consideration.

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