

FEDERAL RESERVE BANK
OF DALLAS

Dallas, Texas, October 16, 1942

AMENDMENT TO REGULATION W

To the Addressee:

There is enclosed a copy of Amendment No. 9 to Regulation W of the Board of Governors of the Federal Reserve System, effective October 26, 1942. This amendment affects section 4, relating to Instalment Sales, and section 5, relating to Charge Accounts.

Member banks of the Federal Reserve System are requested to insert this amendment in their ring binders.

Yours very truly,

R. R. GILBERT

President



AMENDMENT NO. 9 TO REGULATION W

ISSUED BY THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Regulation W is hereby amended in the following respects, effective October 26, 1942:

1. By adding to section 4 entitled "Instalment Sales" the following new subsection:

(e) **"Approvals," "Demonstrators," etc.**—In case a listed article is delivered in anticipation of an instalment sale of that article or a similar article (such as a delivery "on approval," "on trial," or as a "demonstrator"), the Registrant shall require, at or before the time of such delivery, a deposit equal to the down payment that would be required on such an instalment sale.

2. By adding to section 5 entitled "Charge Accounts" the following two new subsections (g) and (h), and by changing subsection (f) to read as follows:

(f) **"Authorization" of Small Items.**—In case a Registrant makes a charge sale of a listed article the cash price of which is \$5.00 or less, he shall not be deemed to have violated section 5(b) if the person authorizing such sale on behalf of the Registrant acts in good faith without knowledge that the customer's charge account is in default, provided the Registrant, promptly upon discovery that such charge account is in default and in any event within 15 days from the date of sale, makes a request of the customer that he either return the article or else pay for it in full immediately.

(g) **Small Defaults.**—A charge account shall not be deemed to be "in default" within the meaning of sections 5(c) or 12(m) if the amount in default is less than \$2.00.

(h) **"Approvals," "Demonstrators," etc.**—When a charge account is in default, the Registrant shall not deliver any listed article to the obligor in anticipation of a sale of that article or a similar article (such as a delivery "on approval," "on trial," or as a "demonstrator"). When a charge account is not in default and the Registrant makes such a delivery of any article, the delivery (unless it is in anticipation of an instalment sale) shall be treated for the purposes of this regulation as a charge sale made on the date of the delivery.