

**FEDERAL RESERVE BANK  
OF DALLAS**

Dallas, Texas, August 31, 1943

**AMENDMENT TO REGULATION W**

To the Addressee:

There is enclosed a copy of Amendment No. 10 to Regulation W of the Board of Governors of the Federal Reserve System, effective September 1, 1943. The changes made by this amendment are administrative and are designed to help merchants meet manpower problems in extending charge-account credit.

The first change raises from \$5.00 to \$10.00 the value of a listed article that may be delivered by a merchant to a charge-account customer without first checking the customer's account to determine whether it is in default. The merchant continues to be subject to the rule that if he discovers later that the account is in default he must request the customer to return his purchase or else pay for it immediately.

The second change provides that a merchant who desires to adopt "Cycle Billing" in order to effect operating economies may, by applying to the Federal Reserve Bank of his district, receive permission to use as the "default date," for each of his groups of accounts, the 40th day following the end of the applicable billing period instead of the 10th day of the second calendar month following the calendar month in which the purchases were made.

Yours very truly,

**R. R. GILBERT**

President



## AMENDMENT NO. 10 TO REGULATION W

### ISSUED BY THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Regulation W is hereby amended in the following respects, effective September 1, 1943:

1. By striking out the figure \$5.00 in section 5(f) and inserting in lieu thereof the figure \$10.00 so that section 5(f) will 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 \$10.00 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.

2. By adding at the end of the first paragraph of section 12(m) entitled “Cycle Billing” the following sentence:

Such provisions shall be applicable also to any Registrant who shall have established such a system after having received from the Federal Reserve Bank of his district a notification which is still in force stating that the Federal Reserve Bank is satisfied (1) that the system is intended to effectuate operating economies with respect to manpower or office machinery and (2) that its adoption is not for the purpose of circumventing this Regulation.