

AMENDMENT NO. 11 TO REGULATION T

Issued by the Board of Governors of the Federal Reserve System.

Regulation T is hereby amended in the following respects, the amendments to Section 3 (g) and 4(f)(2) to become effective September 3, 1951, and the amendment to Section 6 (g) to become effective September 17, 1951:

1. By adding the following sentence at the end of Section 3 (g):

In any case in which an excess so created, or increase so caused, by transactions on a given day does not exceed \$100, the creditor need not obtain the deposit specified therefor in the first paragraph of Section 3 (b).

2. By changing Section 4 (f)(2) to read as follows:

(2) Make loans, and may maintain loans, to or for any partner of a firm which is a member of a national securities exchange to enable such partner to make a contribution of capital to such firm, or may make and maintain subordinated loans to such a member firm for capital purposes, provided (A) the lender as well as the borrower is a partner in such firm, or (B) the borrower is a member of such exchange, the lender is a corporation all of the common stock of which is owned directly or indirectly by the firm or by general partners and employees of the firm, and, in addition to the fact that an appropriate committee of the exchange has approved the firm's affiliation with the corporation and is satisfied that the loan is not in contravention of any rule of the exchange, the loan has the approval of such committee, or (C) the lender as well as the borrower is a member of such exchange, the loan has the approval of an appropriate committee of the exchange, and the committee, in addition to being satisfied that the loan is not in contravention of any rule of the exchange, is satisfied that the loan is outside the ordinary course of the lender's business, and that, if the borrower's firm does any dealing in securities for its own account, the loan is not for the purpose of enabling the firm to increase the amount of such dealing;

3. By changing the second paragraph of Section 6(g) to read as follows:

A creditor may permit interest, dividends or other

distributions received by the creditor with respect to securities in a general account to be withdrawn from the account only on condition that the adjusted debit balance of the account does not exceed the maximum loan value of the securities in the account after such withdrawal, or on condition that (1) such withdrawal is made within 35 days after the day on which, in accordance with the creditor's usual practice such interest, dividends or other distributions are entered in the account, (2) such entry in the account has not served in the meantime to permit in the account any transaction which could not otherwise have been effected in accordance with this regulation, and (3) any cash withdrawn does not represent any arrearage on the security with respect to which it was distributed, and the current market value of any securities withdrawn does not exceed 10 per cent of the current market value of the security with respect to which they were distributed. Failure by a creditor to obtain in a general account any cash or securities that are distributed with respect to any security in the account shall, except to the extent that withdrawal would be permitted under the preceding sentence, be deemed to be a transaction in the account which occurs on the day on which the distribution is payable and which requires the creditor to obtain in accordance with Section 3(b) a deposit of cash or maximum loan value of securities at least as great as that of the distribution.

REAL ESTATE CREDIT

AMENDMENT NO. 6 TO REGULATION X

Issued by the Board of Governors
of the Federal Reserve System
with the concurrence of the
Housing and Home Finance Administrator

Regulation X is hereby amended in the following respects, effective September 1, 1951:

1. In subsection (p) of Section 6, add at the end thereof the following new sentence:

No action will be taken under this subsection with respect to any area designated as provided herein after September 1, 1951.

2. By adding the following subsection (q) to Section 6:

(q) Critical Defense Housing Areas.—Whenever an area has been certified, under authority of any applicable Federal statute, to be a critical defense housing area, the terms prescribed by this regulation and the supplement thereto will be suspended or relaxed to the extent deemed necessary to encourage construction of housing needed for defense workers and military personnel, the extent of such suspension or relaxation to be prescribed by public announcement.

3. In the maximum loan value provision of Schedule I of the supplement delete the table and insert therefor the following:

<u>If the "value per family unit" is</u>	<u>The "maximum loan value per family unit" is</u>
Not more than \$7,000	90% of "value per family unit"
More than \$7,000 but not more than \$10,000	85% of "value per family unit"
More than \$10,000 but not more than \$12,000	80% of "value per family unit"
More than \$12,000 but not more than \$15,000	\$9,600 plus 40% of excess of "value per family unit" over \$12,000
More than \$15,000 but not more than \$20,000	\$10,800 plus 20% of excess of "value per family unit" over \$15,000
More than \$20,000 but not more than \$24,500	\$11,800 plus 10% of excess of "value per family unit" over \$20,000
Over \$24,500	50% of "value per family unit"

4. In the maturity provision of Schedule I of the supplement insert "per family unit" after the word "value" in the sixth line; delete the parenthetical clause "(determined as provided in Section 2 (i) of the regulation)" in the seventh line; delete "\$7,000" in the seventh line and insert therefor "\$12,000"; insert a period after "25 years" in the eighth line and delete the remainder of that sentence, beginning with "if it is to be fully repaid . . .".

5. By adding the following subsection (*m*) to Section 5:

(*m*) Essential Nonresidential Defense Construction.

—If in exceptional circumstances proposed nonresidential construction is certified by the head or assistant head of an appropriate agency or department of the United States Government to be essential to the national defense, application may be made to the Federal Reserve Bank of the district in which such construction is proposed for an exemption from this regulation for such construction, and such Federal Reserve Bank will issue a certificate of exemption therefor. Any extension of credit with respect to nonresidential construction specified in such a certificate of exemption shall be exempt from the prohibitions of subsections (*a*) and (*b*) of Section 4 of this regulation.