

**FEDERAL RESERVE BANK OF DALLAS  
DALLAS, TEXAS**

May 23, 1957

**AMENDMENT TO REGULATION T**

**To All Member Banks and Others Concerned  
in the Eleventh Federal Reserve District:**

There is enclosed a copy of Amendment No. 13 to Regulation T issued by the Board of Governors of the Federal Reserve System.

The press statement issued in connection with this amendment is quoted below.

“The Board of Governors of the Federal Reserve System has adopted a minor technical amendment to its Regulation T, the regulation which relates to margin requirements of brokers and dealers. The amendment, which becomes effective May 27, 1957, is attached.

“The amendment applies to Section 4(f)(2) of the regulation which, in effect, exempts from the usual margin requirements certain loans made for capital purposes to a member or member firm of a national securities exchange. The principal effect of the amendment is to give recognition to the fact that corporations are now permitted to be members of a securities exchange and, accordingly, to broaden Section 4(f)(2) to cover capital purpose loans between corporate members of exchanges and their affiliates, as well as between member firms and their affiliates.”

Member banks are requested to insert this new amendment in their ring binders containing the Regulations of the Board of Governors and the Bulletins of this bank.

Yours very truly,

Watrous H. Irons

**President**

**EXTENSION AND MAINTENANCE OF CREDIT  
BY BROKERS, DEALERS, AND MEMBERS OF  
NATIONAL SECURITIES EXCHANGES**

**AMENDMENT NO. 13 TO REGULATION T**

ISSUED BY THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Effective May 27, 1957, section 4(f)(2) of Regulation T is hereby amended to read as follows:

(2)(A) Make loans, and may maintain loans, (i) 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 to purchase stock in an affiliated corporation of such firm; or (ii) to or for any person who is or will become the holder of stock of a corporation which is a member of a national securities exchange to enable such person to purchase stock in such corporation, or to purchase stock in an affiliated corporation of such corporation; provided the lender as well as the borrower is a partner in such member firm or a stockholder in such member corporation, or the lender is a firm or corporation which is a member of a national securities exchange and the borrower is a partner in such firm or a stockholder in such corporation.

(B) Make and maintain subordinated loans to another creditor for capital purposes, provided —

(i) either the lender or the borrower is a firm or corporation which is a member of a national securities exchange, the other party to the loan is an affiliated corporation of such member firm or corporation, and, in addition to the fact that an appropriate committee of the exchange is satisfied that the loan is not in contravention of any rule of the exchange, the loan has the approval of such committee; or

(ii) 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 or corporation or an affiliated corporation of such firm or corporation does any dealing in securities for its own account, the loan is not for the purpose of increasing the amount of such dealing.

(C) For the purpose of subdivisions (A) and (B) of this section 4(f)(2), the term "affiliated corporation" means a corporation all the common stock of which is owned directly or indirectly by the member firm or general partners and employees of the firm, or by the member corporation or holders of voting stock and employees of the corporation and an appropriate committee of the exchange has approved the member firm's or member corporation's affiliation with such affiliated corporation.