

FEDERAL RESERVE BANK OF DALLAS  
DALLAS, TEXAS

March 9, 1960

**AMENDMENT TO REGULATION U**

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

There is enclosed an amendment to Regulation U of the Board of Governors of the Federal Reserve System, effective March 8, 1960. In connection with the amendment the Board of Governors has issued the following statement:

“The purpose of this amendment is to restore the language of paragraph (b) (1) of section 221.3 as it stood before June 15, 1959, in order to avoid administrative problems arising under the provision that has been in effect since that date. However, the Board is concerned with evasive extensions of bank credit for the purpose of carrying registered stocks and expects banks to be alert in detecting and preventing attempts to circumvent the basic purposes of this part.”

Member banks are requested to insert this 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

**LOANS BY BANKS FOR THE PURPOSE OF  
PURCHASING OR CARRYING REGISTERED  
STOCKS**

**AMENDMENT TO REGULATION U**

ISSUED BY THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Effective March 8, 1960, paragraph *(b)(1)* of section 221.3 of Regulation U is amended to read as follows :

*(b)(1)* No loan, however it may be secured, need be treated as a loan for the purpose of "carrying" a stock registered on a national securities exchange unless the loan is as described in section 221.3*(b)(2)* or the purpose of the loan is to enable the borrower to reduce or retire indebtedness which was originally incurred to purchase such a stock, or, if he be a broker or a dealer, to carry such stocks for customers.