

FEDERAL RESERVE BANK OF DALLAS
DALLAS, TEXAS 75222

Circular No. 68-38
February 12, 1968

PRESS RELEASE CONCERNING
AMENDMENTS TO REGULATION O

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

There is enclosed for your information a copy of a press release concerning the adoption by the Board of Governors of the Federal Reserve System of amendments to Regulation O.

A copy of the revised Regulation will be forwarded as soon as available.

Yours very truly,

P. E. Coldwell
President

Enclosure (1)



FEDERAL RESERVE

press release

For immediate release.

February 7, 1968.

The Board of Governors of the Federal Reserve System announced today it had amended its Regulation O, governing conditions under which the executive officers of a member bank may borrow from their own bank, to bring the regulation into conformity with recent legislation by the Congress liberalizing the basis for such loans.

At the same time, the Board also redefined the term "executive officer," limiting its applicability to persons participating in the determination of major policies of a member bank. As a result, many bank officers with lesser responsibilities will have freer access to the credit facilities of their own institution.

Under the law and the new provisions of Regulation O, which will become effective March 15, 1968, executive officers of member banks may borrow up to \$30,000 for a home mortgage, \$10,000 for the education of children, and \$5,000 for any unspecified purpose. Previously, an executive officer could not borrow more than \$2,500 from his bank.

The new definition of executive officer excludes those persons who do not participate in the determination of major policies of a bank and whose decisions are limited by standards fixed by top management. As a result many persons who have official titles and may exercise some discretion in the performance of their duties, including

the making of loans, would not be subject to the loan limitations of the law and regulation. For example, under the revised definition a manager or assistant manager of a branch of a bank would not be considered an "executive officer" unless that person participated in major policy decisions.

The text of the Board's revised Regulation O, concerning loans by member banks to their executive officers, has been sent to the Federal Register for publication.