

FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

Circular No. 69-11  
January 14, 1969

PROPOSED AMENDMENTS TO REGULATIONS G AND U

To All Banks, Nonbank Lenders, and Others Concerned  
in the Eleventh Federal Reserve District:

There is attached a copy of a press release dated January 10, 1969, of the Board of Governors of the Federal Reserve System announcing the extension of time for comments from January 13 to February 14, 1969, on the Board's proposed amendments to Regulations G and U to bring "equity funding" plans under margin regulations.

Copies of the proposed amendments and accompanying press release were sent you with our Circular Letter No. 68-260 dated December 10, 1968.

Yours very truly,

P. E. Coldwell

President

Enclosure (1)



# FEDERAL RESERVE

press release

For immediate release

January 10, 1969.

The Board of Governors of the Federal Reserve System announced today that it has extended to February 14, 1969, the time within which comments may be submitted by persons interested in the Board's proposal of December 10, 1968, to bring "equity funding" plans or programs under margin Regulations G and U. Comments on this proposal were to have been received not later than January 13, 1969.

In conformity with the extension of time to comment, the date after which the offering or sale of such programs would cause credit extended in connection therewith to be subject to the regulations would be pushed back from January 31, to April 30, 1969. Accordingly, if the proposal is adopted in its present form, credit extended in connection with programs sold prior to April 30, 1969 would not be affected.

Time to comment on another proposed amendment to Regulations G and U, announced by the Board in conjunction with the "equity funding" proposal would not, however, be extended beyond January 13, 1969. Under this proposal, any security issued by an investment company would be subject to the regulation unless 95 per cent of the company's assets were invested in "exempted" (chiefly government) securities, and publication of the Board's "List of Stocks Registered on a National Securities Exchange and of Securities of Certain Investment Companies" would be discontinued.

Attached is the text of the notice, extending the time for comment regarding the proposed amendments, in the form in which it will be submitted for publication to the Federal Register.

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FEDERAL RESERVE SYSTEM

[12 CFR Parts 207 and 221]

[Reg. G and U]

CREDIT BY PERSONS OTHER THAN BANKS, BROKERS,  
OR DEALERS FOR THE PURPOSE OF PURCHASING OR  
CARRYING REGISTERED EQUITY SECURITIES;

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

Notice of Extension of Time for Comment  
in Connection With  
Proposed Rulemaking

On December 17, 1968, notice of proposed rulemaking regarding amendments to 12 CFR 207 and 12 CFR 221, by the Board of Governors, pursuant to the authority contained in the Securities Exchange Act of 1934 (15 U.S.C. 78g), was published in the Federal Register (33 F.R. 18629). The purpose of the proposed changes was to establish that credit to finance programs for the combined purchase of registered equity securities (including securities issued by most investment companies registered pursuant to Section 8 of the Investment Company Act of 1940 (15 U.S.C. 80a-8)) and goods, services, other securities, or investments ("equity funding") is subject to the regulations. In addition, the changes would clarify that credit to purchase or carry securities issued by most investment companies is subject to the regulations, and would eliminate the need for publication of the Board of Governors' "List of Stocks Registered on a National Securities Exchange and of Securities of Certain Investment Companies". Comments were to have been received not later than January 13, 1969.

The Board having determined that it is appropriate for the convenience of the public, the period within which interested persons are

invited to submit, in writing, relevant data, views or arguments regarding the proposal to bring "equity funding" plans or programs under the regulations, is hereby extended to the close of business on February 14, 1969.

Time to comment on the proposals that any security issued by an investment company is subject to the regulations unless 95 per cent of its assets is invested in "exempted" (chiefly government) securities, and that publication of the Board of Governors' "List of Stocks Registered on a National Securities Exchange and of Securities of Certain Investment Companies" would be discontinued, was not, however, extended beyond January 13, 1969.

In connection with the extension of time in which to comment on the proposal to bring "equity funding" plans or programs under both Regulations G and U, the words "after January 31, 1969" are changed to read "after April 30, 1969" in the proposed amendments to paragraph (d) (2) of section 207.2 and paragraph (b) (3) of section 221.3.

This notice is published pursuant to section 553(b) of Title 5, United States Code, and § 262.2(a) of the rules of procedure of the Board of Governors of the Federal Reserve System (12 CFR 262.2(a)).

As before, all comments should be submitted to any Federal Reserve Bank and, under the Board's rules regarding availability of information (12 CFR 261), such materials will be made available for inspection and copying to any person upon request unless the person submitting the material requests that it be considered confidential.

Dated at Washington, D. C., this 10 day of January, 1969.

By order of the Board of Governors.

(Signed) Robert P. Forrestal

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Robert P. Forrestal,  
Assistant Secretary.