

FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

Circular No. 69-172

July 11, 1969

LIST OF OTC MARGIN STOCKS

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

Attached is a copy of the press release of the Board of Governors of the Federal Reserve System concerning the "over-the-counter" stocks that will be subject to margin regulations. A copy of the list was sent to you on July 7, 1969, with our Circular No. 69-167. Additional copies of the list will be furnished upon request.

Yours very truly,

P. E. Coldwell

President

Enclosure (1)



FEDERAL RESERVE

press release

For immediate release

July 7, 1969

The Board of Governors of the Federal Reserve System today published the attached list of about 290 "over-the-counter" stocks that will become subject to its margin regulations beginning at the opening of business tomorrow (July 8).

Margin regulations generally limit the amount of credit a person or firm may obtain to buy or carry securities. Stocks on the OTC list will be subject to the same 80 per cent margin requirements as stocks listed on national exchanges. This means a person or firm buying a stock on credit must make a down payment of 80 per cent of the purchase price and can obtain credit for the remaining 20 per cent. The margin requirement to purchase or carry bonds convertible into margin stocks is 60 per cent.

In the past, only stocks listed on national exchanges were subject to margin requirements as were bonds convertible into listed stocks. Pursuant to an Act (P.L. 90-437) adopted by Congress last year, the Board amended its margin Regulations G, T and U to include "over-the-counter" stocks that have characteristics similar to stocks registered on national exchanges.

Amendments to Regulations G, T and U, including the criteria used to select the OTC margin stocks, were issued by the Board on June 9 with an effective date of July 8. Regulation G applies to credit provided by persons other than banks, brokers or dealers to

purchase or carry equity securities; Regulation T concerns credit by brokers, dealers and members of national securities exchanges for the same purpose; Regulation U applies to credit by banks.

Margin requirements on OTC stocks apply only to loans made on July 8 and thereafter. Loans made prior to that date are unaffected by the new amendments.

Three changes must be made in the attached list to bring it up to date: Waddell & Reed, Inc., Class A, common (non-voting) has been acquired by another firm and has been deleted from the list; Commonwealth Life Ins. Co. (Ky.) \$1.00 par common has been changed to Capital Holding Co. \$1.00 par common; Western Pennsylvania National Bank, \$5.00 par value, common capital, has been changed to WPNB Corporation \$5.00 par common.