

FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

Circular No. 69-292
November 24, 1969

AMENDMENT TO REGULATION R
"RELATIONSHIPS WITH DEALERS IN SECURITIES
UNDER SECTION 32 OF THE BANKING ACT OF 1933"

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

The Board of Governors of the Federal Reserve System has amended its Regulation R which governs the relationships between member banks and securities dealers. A copy of the press release regarding the amendment dated November 18, 1969, is enclosed.

Regulation R will be reprinted shortly and will include the amendment. Copies of the Regulation will be sent to you as soon as they become available.

Yours very truly,

P. E. Coldwell

President

Enclosure (1)



FEDERAL RESERVE

press release

For immediate release.

November 18, 1969.

The Board of Governors of the Federal Reserve System announced today an amendment to its Regulation R which governs the relationships between member banks and securities dealers.

The amendment, effective January 1, will permit an officer, director or employee of a member bank to be an officer, director or employee of a securities company that confines itself to underwriting and dealing in securities a member bank may lawfully underwrite.

Section 32 of the Banking Act of 1933 prohibits interlocking personnel relationships between member banks and securities companies but that law also authorizes the Board to provide exemptions upon determining that they would not unduly influence the investment policies of the banks or the investment advice given to bank customers. Regulation R presently provides an exemption for relationships between member banks and those securities companies that confine their business to the types of obligations listed in the Regulation. Not all obligations a member bank may underwrite are within the Regulation R exemption in its present form. The effect of the amendment is to bring within the Regulation R exemption general obligations of a state or political subdivision, obligations of the Government National Mortgage Association and obligations issued by a state or political subdivision (or their agencies) for housing, university or dormitory purposes.