

FEDERAL RESERVE BANK OF DALLAS  
DALLAS, TEXAS 75222

Circular No. 72-258  
November 13, 1972

INTERPRETATIONS OF REGULATION U  
(Computation of Time Periods for Acquiring  
and Holding Blocks of Stock by Block Positioners)

To All Banks, Broker/Dealers, Regulation G-Registrants  
and Others Concerned in the Eleventh Federal Reserve District:

The Board of Governors of the Federal Reserve System issued on November 3, 1972, an interpretation concerning the computation of time periods for acquiring and holding blocks of stock by block positioners under the provisions of Regulation U.

The interpretation is printed on the reverse.

Yours very truly,

P. E. Coldwell,

President

**BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM**

**CREDIT BY BANKS FOR THE PURPOSE OF PURCHASING  
OR CARRYING MARGIN STOCKS**

**INTERPRETATION OF REGULATION U**

**SECTION 221.121 COMPUTATION OF TIME  
PERIODS FOR ACQUIRING AND HOLD-  
ING BLOCKS OF STOCK BY  
BLOCK POSITIONERS.**

(a) The Board recently considered two questions in connection with section 221.3(z)(2) and (3) of Regulation U providing for bank credit to block positioners which is exempt from the normal margin requirements as prescribed from time to time in that regulation.

(b) The first question pertained to the period of time in which a block positioner, in order to qualify for the exemption, must position a block of stock when such positioning results from several transactions at approximately the same time from a single source, as set forth in section 221.3(z)(2)(ii).

(c) The Board is of the view that the aggregate of several transactions from a single source would ordinarily be carried out within a time span of one half hour in order for such aggregate to be considered one block of stock eligible for exempt

credit. In extraordinary circumstances, however, the block positioner could consult the Reserve Bank in whose district its office is situated as to whether stock positioned over a slightly longer period constitutes a single block. In such a case the block positioner should, of course, disclose all relevant circumstances to the Reserve Bank.

(d) The second question related to the computation of the period of twenty business days, specified in section 221.3(z)(3), in which exempt credit may remain outstanding for positioning a block of stock.

(e) The Board is of the view that the computation of such 20-day period shall commence on the business day following the date of trade.

11/13/72

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