

FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

Circular No. 72-277

December 4, 1972

PROPOSED AMENDMENT TO REGULATION T  
(Payment Against Delivery Cash Transactions Shortened)

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

On November 20, 1972, the Board of Governors proposed to amend Regulation T, "Credit by Brokers and Dealers", to shorten the time allowed for payment against delivery of cash transactions from 35 to 15 days.

Interested persons are invited to submit written views to the Regulations Department, Federal Reserve Bank of Dallas, Station K, Dallas, Texas 75222.

A copy of the proposed amendment is enclosed.

Yours very truly,

P. E. Coldwell,

President

FEDERAL RESERVE SYSTEM

[12 CFR 220]

(Reg. T)

CREDIT BY BROKERS AND DEALERS

Time Allowed for Payment Against Delivery Cash Transactions

The Board of Governors proposes to amend Part 220 in order to shorten the time allowed for payment against delivery cash transactions from 35 days to 15 days. Section 220.4(c) of Part 220, Credit by Brokers and Dealers, would be amended as set forth below:

SECTION 220.4 - SPECIAL ACCOUNTS

\* \* \* \* \*

(c) Special Cash Account

\* \* \* (5) If the creditor, acting in good faith in accordance with subparagraph (1) of this paragraph, purchases a security for a customer, or sells a security to a customer, with the understanding that he is to deliver the security promptly to the customer, and the full cash payment to be made promptly by the customer is to be made against such delivery, the creditor may at his option treat the transaction as one to which the period applicable under subparagraph (2) of this paragraph is not the 7 days therein specified but 15 days after the date of such purchase or sale.

\* \* \* (7) The 7-day periods specified in this paragraph refer to 7 full business days. The 15-day period and the 90-day period specified in this paragraph refer to calendar days, but if the last day of any such period is a Saturday, Sunday, or holiday, such period shall be considered to end on the next full business day. For the purposes of this paragraph, a creditor may, at his option, disregard any sum due by the customer not exceeding \$100.00.

The purpose of the proposed changes in Regulation T is to indicate to participants in securities transactions which are to be consummated by payment against delivery that 15 calendar days instead of the present 35 calendar days is sufficient time in which to effect settlement, absent exceptional circumstances.

The Board is affording interested persons an opportunity to submit relevant data, views, or arguments concerning the proposed amendment. Any such material should be submitted in writing to the Secretary, Board of Governors of the Federal Reserve System, Washington, D. C. 20551, to be received not later than December 22, 1972. Such material will be made available for inspection and copying upon request, except as provided in § 261.6(a) of the Board's Rules Regarding Availability of Information.

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)).

By order of the Board of Governors, November 20, 1972.

(Signed) Michael A. Greenspan  
Michael A. Greenspan  
Assistant Secretary of the Board

(SEAL)