



American Revolution Bicentennial

FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

Circular No. 75-129

September 2, 1975

WITHDRAWAL OF PROPOSALS TO AMEND REGULATIONS G AND U ("Clearance" Transactions)

WITHDRAWAL OF PROPOSAL TO AMEND REGULATION T (Shorten Time for Payment Against Delivery Transactions in Securities from 35 Days to 15 Days)

TO ALL BANKS, BROKERS/DEALERS,
REGULATION G-REGISTRANTS,
AND OTHERS CONCERNED IN THE
ELEVENTH FEDERAL RESERVE DISTRICT:

The Board of Governors of the Federal Reserve System has withdrawn its proposals to amend Regulation G, "Securities Credit by Persons Other Than Banks, Brokers, or Dealers," and Regulation U, "Credit by Banks for the Purpose of Purchasing or Carrying Margin Stocks," with respect to "clearance" transactions, and Regulation T, "Credit by Brokers and Dealers," to shorten the time allowed for payment against delivery transactions in securities from 35 days to 15 days.

The proposals concerning Regulations G and U were sent to you in this Bank's Circular No. 71-177, dated July 31, 1971, and those concerning Regulation T in our Circular No. 72-277, dated December 4, 1972.

Copies of the Board's orders relating to these matters are shown in the enclosure to this circular.

Sincerely yours,

T. W. Plant

First Vice President

Enclosure

FEDERAL RESERVE SYSTEM

[12 CFR 207]

[Reg. G]

Securities Credit by Persons
other than Banks, Brokers or Dealers

[12 CFR 221]

[Reg. U]

Credit by Banks for the Purpose of
Purchasing or Carrying Margin Stock

Withdrawal of Notices of Proposed Rulemaking

Notice is hereby given that the Board of Governors withdraws notices (36 F. R. 14032 and 14035) published in the FEDERAL REGISTER on July 29, 1971, on which comments were solicited, which proposed a new paragraph (1) of § 207.1 of Regulation G and proposed an amendment of § 221.1(a) of Regulation U.

The proposals were intended to prevent a person subject to the registration requirement of § 207.1(a) of Regulation G, or a bank subject to Regulation U, from providing "clearance" for any customer for securities purchased through a broker or dealer unless a deposit of the purchase price with the lender by the customer is made within seven full business days, and in any event, before delivery to any other person; or in case of sales, the lender promptly receives from the customer the security sold and does not accept payment for a security sold until he has received the security from the customer.

After consideration of the comments received, which reflected difficulty in implementing certain provisions of the proposals, and in the interest of allowing time for additional study and evaluation of the proposals in light of the comprehensive system of clearance and settlement contemplated by the Securities Acts Amendments of 1975 (P.L. 94-29), the Board has determined that the rulemaking action referred to above, should be withdrawn.

In view of the foregoing, the proposals published in the Federal Register (36 F. R. 14032 and 14035) on July 29, 1971 are hereby withdrawn.

By order of the Board of Governors, August 13, 1975.

(Signed) Griffith L. Garwood

Griffith L. Garwood
Assitant Secretary of the Board

[SEAL]

FEDERAL RESERVE SYSTEM

[Reg. T]

[12 CFR 220]

CREDIT BY BROKERS AND DEALERS

Withdrawal of Notice of Proposed Rulemaking

Notice is hereby given that the Board of Governors withdraws a notice (37 F. R. 25547) published in the FEDERAL REGISTER on December 1, 1972, on which comments were solicited which proposed an amendment to § 220.4(c)(5) of Regulation T. The proposed amendment would have shortened the time allowed for payment against delivery transactions in securities from 35 days to 15 days.

A number of comments were received in response to the notice; all of them either opposed the amendment or suggested substantial change. Many commentators were in accord with the purpose of the proposed amendment, which was to speed up the consummation of securities transactions, but suggested that its enactment would create undue hardship unless integrated with a comprehensive system involving all facets of the settlement process. In view of the enactment of the Securities Acts Amendments of 1975 (P. L. No. 94-29) which is intended to facilitate the development of such a comprehensive system, the Board has determined that the proposed rulemaking action is not appropriate at the present time and the proposal, therefore, should be withdrawn.

In view of the foregoing, the proposal published in the Federal Register (37 F. R. 25547) on December 1, 1972, is hereby withdrawn.

By order of the Board of Governors, August 13, 1975.

(Signed) Griffith L. Garwood

Griffith L. Garwood
Assistant Secretary of the Board

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