



FEDERAL RESERVE BANK
OF DALLAS

WILLIAM H. WALLACE
FIRST VICE PRESIDENT

DALLAS, TEXAS 75222

February 14, 1985

Circular 85-24

TO: The Chief Executive Officer of all
depository institutions in the
Eleventh Federal Reserve District

SUBJECT

**Clarification of Rules G-12 and G-15 of the Municipal Securities
Rule-making Board, effective February 1, 1985.**

DETAILS

The provisions of rule G-12 apply to transactions between municipal securities brokers and dealers and the provisions of rule G-15 apply to transactions effected on a delivery vs. payment or receipt vs. payment basis between municipal securities brokers or dealers and customers. Rule G-12 requires dealers to settle via book-entry through a securities depository and Rule G-15 requires that a dealer settle transactions for their customers against payment through a securities depository if under the following conditions:

1. The securities must be eligible for book-entry settlement through a depository (or through interfaced or otherwise linked depositories, if two depositories are to be used on the transaction); and
2. Both of the parties to the transaction must be participants (whether directly themselves or indirectly through a clearing agent used on the transaction) in the depository (or in the interfaced or otherwise linked depositories).

Since the Federal Reserve Bank is not a depository participant, the book-entry settlement requirements of the rules would not apply and transactions could be settled by physical delivery of securities. Further, neither rule requires that you join a depository or establish a clearing arrangement with a depository participant.

For additional copies of any circular please contact the Public Affairs Department at (214) 651-6289. Banks and others are encouraged to use the following incoming WATS numbers in contacting this Bank (800) 442-7140 (intrastate) and (800) 527-9200 (interstate).

MORE INFORMATION

For further information, please contact Lynn Vick, (214) 651-6263 at the Head Office; Robert W. Schultz, (915) 544-4730 at the El Paso Branch; Luke E. Richards (713) 659-4433 at the Houston Branch; or Tony Valencia, (512) 224-2141 at the San Antonio Branch.

Sincerely yours,

A handwritten signature in cursive script that reads "William H. Waller". The signature is written in black ink and is positioned below the typed name "William H. Waller".