



FEDERAL RESERVE BANK
OF DALLAS

WILLIAM H. WALLACE
FIRST VICE PRESIDENT
AND CHIEF OPERATING OFFICER

January 15, 1988

DALLAS, TEXAS 75222

Circular 88-8

TO: Broker-dealers and others
concerned in the Eleventh Federal
Reserve District

SUBJECT

**Final rule on amendment to Regulation T -- Credit by Brokers and
Dealers**

DETAILS

The Board of Governors of the Federal Reserve System has adopted an amendment to its Regulation T to enable broker-dealers to facilitate the exercise of employee stock options. The amendment provides a method by which brokers and dealers can temporarily finance the acquisition of stock under employee stock option plans by permitting the advance of funds for a short period of time. In lieu of the securities to be received upon exercise of the option, broker-dealers are allowed to accept a fully endorsed employee stock option with instructions signed by the customer instructing the issuer to deliver the securities to the broker-dealer. The amendment becomes effective January 25, 1988.

MORE INFORMATION

Copies of the final rule and the Board's press release are available from this Bank's Public Affairs Department by calling (214) 651-6289. The final rule also will be distributed in slip-sheet form at a later date for inclusion in your Regulations Binder. For more information regarding Regulation T, please contact Dean A. Pankonien of this Bank's Legal Department at (214) 651-6228.

Sincerely yours,

A handwritten signature in cursive script that reads "William H. Wallace".