FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 1439
October 10, 1934]

INTERPRETATION OF REGULATION T

RULING NO. 12

To National Securities Exchanges in the
Second Federal Reserve District:

For your information I quote below the text of a telegram which I have received today from the Federal Reserve Board:

> The Board has been asked whether Regulation T requires that additional margin be obtained if in a restricted combined account containing securities and commodity commitments there are no new transactions but there are adverse fluctuations of the commodity market. In reply the Board advised that Regulation T does not require the creditor to obtain additional margin in the circumstances indicated and that under section 4(b) of Regulation T the creditor may permit credit to be maintained in such an account regardless of mere fluctuations in the commodity market and regardless of mere bookkeeping entries used to indicate such fluctuations.

Additional copies of this circular will be furnished upon request.

J. H. CASE,
Federal Reserve Agent.