

FEDERAL RESERVE BANK  
OF NEW YORK

[ Circular No. 1452 ]  
October 13, 1934 ]

INTERPRETATION OF REGULATION T

*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:

**Ruling No. 22 Interpreting Regulation T.**

The Federal Reserve Board has been asked to rule on the question whether there is an extension of credit by a creditor to a customer within the meaning of the Board's Regulation T in the case presented by the following facts: a firm having membership in a national securities exchange and an individual member of the exchange form a joint account for transactions in securities. The individual provides no capital but furnishes to the joint account services in purchasing and selling the securities. The firm pays for the securities bought, furnishes the securities sold and "clears the account". In these circumstances, the Board has ruled that such relationship does not constitute a creditor customer relationship, within the meaning of Regulation T, between the firm and the joint account or the firm and the individual, and that, therefore, such transactions are not subject to the provisions of the regulation governing extensions of credit to a customer.

Additional copies of this circular will be furnished upon request.

J. H. CASE,  
*Federal Reserve Agent.*