

FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 1454]
[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. 24 Interpreting Regulation T.

In response to inquiries as to whether particular transactions come within the provisions of Regulation T and the Securities Exchange Act of 1934 in view of section 8(h) of the regulation and section 30(b) of the act, the Federal Reserve Board has expressed the following opinions:

(1) When a creditor with a foreign branch office which is carrying securities in a foreign country for a foreign customer executes within the United States an order for the purchase of a registered security for such foreign customer, such transaction is subject to provisions of Regulation T and is not excepted therefrom by section 8(h) thereof.

(2) A creditor borrowing in the United States on any registered security in the ordinary course of business as a broker or dealer must comply with the provisions of Regulation T and of the act with respect to such borrowing, regardless of whether or not the security is held for the account of a foreign customer.

Additional copies of this circular will be furnished upon request.

J. H. CASE,
Federal Reserve Agent.