

FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 1472]
[November 8, 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. 35 Interpreting Regulation T.

The Federal Reserve Board has been asked to rule on the following question arising under Regulation T. A customer maintaining with a broker a restricted account which is not a special account delivers certain registered, non-exempted securities to such broker with the request that he sell the securities and deliver the entire proceeds of the sale to the customer. May the broker comply with the customer's request? On the basis of the facts submitted, the Board rules that the broker may permit the withdrawal of the amount for which such securities are sold, if the delivery of such securities into the account, the sale of the securities, and the withdrawal of the funds from the account, all occur on the same day, so that the withdrawal of funds constitutes a part of a combination of transactions which does not result in a net withdrawal or an increase in the excess of the adjusted debit balance of the account over the maximum loan value of the securities in the account in violation of section 4(d) of the regulation.

Additional copies of this circular will be furnished upon request.

J. H. CASE,
Federal Reserve Agent.