

FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 1488]
[December 7, 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. 39 Interpreting Regulation T.

Section 4 (f) of Regulation T provides in part that the receipt in good faith of a check or draft drawn on a bank which in the ordinary course of business is payable on presentation, or the shipment in good faith of securities with sight draft attached may, for the purposes of the regulation, be deemed to be the receipt of payment of the amount of such check or draft. The Federal Reserve Board has been asked, in view of ruling number 34 interpreting Regulation T, whether this applies to "cash transactions" in unregistered, non-exempted securities. In reply, the Board rules that the provisions of section 4 (f) of the regulation regarding the time when payment is deemed to be received apply to "cash transactions" in unregistered, non-exempted securities as well as to "cash transactions" in other securities.

Additional copies of this circular will be furnished upon request.

J. H. CASE,
Federal Reserve Agent.