

FEDERAL RESERVE BANK  
OF NEW YORK

[ Circular No. 1680 ]  
June 26, 1936

AMENDMENTS OF REGULATION U OF THE BOARD OF  
GOVERNORS OF THE FEDERAL RESERVE SYSTEM.

*To All Banks, Members of National Securities Exchanges,  
and Other Interested Persons, in the Second Federal Reserve District:*

For your information we quote below Amendments Nos. 1 and 2 (effective July 1, 1936) of Regulation U of the Board of Governors of the Federal Reserve System:

Amendment No. 1 of Regulation U—Effective July 1, 1936.

Section 2 of Regulation U is hereby amended by adding at the end thereof two new subsections reading as follows:

“(j) Any loan to a member of a national securities exchange for the purpose of financing his or his customers’ *bona fide* arbitrage transactions in securities;

“(k) Any loan to a member of a national securities exchange for the purpose of financing such member’s transactions as an odd-lot dealer in securities with respect to which he is registered on such national securities exchange as an odd-lot dealer.”

Amendment No. 2 of Regulation U—Effective July 1, 1936.

Subsection (e) of section 3 of Regulation U is hereby amended to read as follows:

“(e) A bank may accept the transfer of a loan from another bank, or permit the transfer of a loan between borrowers, without following the requirements of this regulation as to the making of a loan, provided the loan is not increased and the collateral for the loan is not changed; and, after such transfer, a bank may permit such withdrawals and substitutions of collateral as the bank might have permitted if it had been the original maker of the loan or had originally made the loan to the new borrower.”

Additional copies of this circular will be furnished upon request.

GEORGE L. HARRISON,  
*President.*