FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 1790
October 27, 1937]

AMENDMENT OF REGULATION T
REVISED SUPPLEMENT TO REGULATION T
REVISED SUPPLEMENT TO REGULATION U
OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

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*To Members of National Securities Exchanges,
Brokers and Dealers in Securities, and Banking
Institutions, in the Second Federal Reserve District:*

The Board of Governors of the Federal Reserve System today adopted

Amendment No. 10 of Regulation T effective November 1, 1937,
Revised Supplement to Regulation T effective November 1, 1937, and
Revised Supplement to Regulation U effective November 1, 1937.

For your information copies of the above mentioned amendment and revised supplements are sent to you herewith. Additional copies will be furnished upon request.

George L. Harrison,
President.

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Amendment No. 10 of Regulation T—Effective November 1, 1937

Be it resolved, That, effective November 1, 1937 Regulation T, as amended, is further amended in the following respects:

1. Section 2(*d*) of said regulation is amended to read as follows:

   "(*d*) The term 'combined account' means the combination of all accounts (except 'special accounts') between any creditor and any customer, or any group of customers acting jointly."

2. Section 2(*m*) of said regulation is amended to read as follows:

   "(*m*) The term 'customer' means any person (including any partner of a creditor firm in his relations with the firm) to or for whom, or any group of persons to or for whose joint account, a creditor is carrying any short position in securities or extending or maintaining any credit; Provided, however, That a partner shall not be deemed to be a customer of his firm within the meaning of this regulation with reference to his financial relations to the firm as reflected in his capital and ordinary drawing accounts."

3. Clause (2) of section 3(*b*) of said regulation is amended to read as follows:

   "(2) in such account transactions are permitted and credit is extended or maintained solely for the purpose of enabling such member, broker, or dealer to carry accounts for his customers other than his partners, and"

4. Clause (3) of section 3(*f*) of said regulation is amended to read as follows:

   "(3) The current market value of any securities sold short in the account (other than unissued securities) plus, for each such security (other than an unissued or exempted security), such amount as the Board shall prescribe from time to time in the supplement to this regulation as the amount to be included as the margin required for such short sales, except that such amount so prescribed need not be included when there are held in the account securities exchangeable or convertible into such securities sold short;"

5. The first sentence of the last paragraph of section 3(*f*) of said regulation is amended to read as follows:

   "For the purposes of this regulation, the adjusted debit balance of every account in which any short position in securities (other than unissued or exempted securities) is carried or any credit is extended or maintained for the purpose of purchasing or carrying securities shall be computed in accordance with the above rules, regardless of whether it be a combined account or a special account."

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

SUPPLEMENT TO REGULATION T

Effective November 1, 1937

Maximum loan values.—Pursuant to the provisions of section 7 of the Securities Exchange Act of 1934 and section 3 of its Regulation T, as amended, the Board of Governors of the Federal Reserve System hereby prescribes the following maximum loan values of registered securities (other than exempted securities) for purposes of Regulation T:

(1) General rule.—Except as provided in paragraphs (2) and (3) of this supplement, the maximum loan value of a registered security (other than an exempted security) shall be 60 per cent of the current market value of the security.

(2) Extension of credit to other members, brokers and dealers.—The maximum loan value of a registered security (other than an exempted security) in a special account with another member, broker or dealer, which special account complies with subsection (*b*) of section 3 of Regulation T, as amended, shall be 75 per cent of the current market value of the security.

(3) Extension of credit to distributors, syndicates, etc.—The maximum loan value of a registered security (other than an exempted security) in a special account with a distributor, syndicate, etc., which special account complies with subsection (*c*) of section 3 of Regulation T, as amended, shall be 80 per cent of the current market value of the security.

Margin required on short sales.—Pursuant to the provisions of section 7 of the Securities Exchange Act of 1934 and section 3 of Regulation T, as amended, the Board of Governors of the Federal Reserve System hereby prescribes that the amount to be included in the adjusted debit balance of an account, pursuant to section 3(*f*) (3) of Regulation T, as amended, as margin required on short sales of securities (other than unissued or exempted securities) shall be 50 per cent of the current market value of each such security except that in the case of a special account with another member, broker or dealer, which special account complies with subsection (*b*) of section 3 of Regulation T, as amended, such amount shall be 35 per cent of such current market value.

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

SUPPLEMENT TO REGULATION U

ISSUED BY THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Effective November 1, 1937

For the purpose of section 1 of Regulation U, the maximum loan value of any stock, whether or not registered on a national securities exchange, shall be 60 per cent of its current market value, as determined by any reasonable method.

Loans to brokers and dealers. Notwithstanding the foregoing, a stock, if registered on a national securities exchange shall have a special maximum loan value of 75 per cent of its current market value, as determined by any reasonable method, in the case of a loan to a broker or dealer from whom the bank accepts in good faith a signed statement to the effect (1) that he is subject to the provisions of Regulation T (or that he does not extend or maintain credit to or for customers except in accordance therewith as if he were subject thereto), and (2) that the securities hypothecated to secure the loan are securities carried for the account of his customers other than his partners.