

**FEDERAL RESERVE BANK
OF NEW YORK**

[Circular No. 3437]
April 21, 1949]

**AMENDMENT NO. 8 TO REGULATION T AND
AMENDMENT NO. 9 TO REGULATION U OF THE BOARD
OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM**

Effective May 1, 1949

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

For your information we quote below from a press statement issued by the Board of Governors of the Federal Reserve System and released for publication on April 21, 1949:

The Board of Governors has made two technical amendments in Regulations T and U (margin requirements) in order to facilitate and simplify operations under the regulations. One further liberalizes rules on withdrawals and substitutions. The other simplifies the rules to be followed by brokers and dealers in connection with cash accounts.

Enclosed are printed copies of the amendments, effective May 1, 1949.

Additional copies of this circular and of the enclosed amendments will be furnished upon request.

ALLAN SPROUL,
President.

AMENDMENT NO. 8 TO REGULATION T

ISSUED BY THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Effective May 1, 1949, Regulation T is hereby amended in the following respects:

1. The second paragraph of section 3(b) of Regulation T is amended to read as follows:

“A transaction consisting of a withdrawal of cash or registered or exempted securities from a general account shall be permissible only on condition that no cash or securities need to be deposited in the account in connection with a transaction on a previous day and that, in addition, the transactions (including such withdrawal) on the day of such withdrawal would not create an excess of the adjusted debit balance of the account over the maximum loan value of the securities in the account or increase any such excess.”

2. Section 4(c) (7) of Regulation T is amended to read as follows:

“(7) The 7-day periods specified in this section 4(c) refer to 7 full business days. The 35-day period and the 90-day period specified herein refer to calendar days, but if the last day of any such period is a Saturday, Sunday, or holiday, such period shall be considered to end on the next full business day. For the purposes of this section 4(c), a creditor may, at his option, disregard any sum due by the customer not exceeding \$100.”

3. Section 4(c) (8) of Regulation T is amended by adding the following at the end thereof:

“For the purposes of this section 4(c) (8), the cancellation of a transaction, otherwise than to correct an error, shall be deemed to constitute a sale. The creditor may disregard for the purposes of this section 4(c) (8) a sale without prior payment provided full cash payment is received within the period described by subdivision (2) of this section 4(c) and the customer has not withdrawn the proceeds of sale on or before the day on which such payment (and also final payment of any check received in that connection) is received. The creditor may so disregard a delivery of a security to another broker or dealer provided such delivery was for deposit into a special cash account which the latter broker or dealer maintains for the same customer and in which account there are already sufficient funds to pay for the security so purchased; and for the purpose of determining in that connection the status of a customer's account at another broker or dealer, a creditor may rely upon a written statement which he accepts in good faith from such other broker or dealer.”

NOTE.—Amendments Nos. 1 through 7 were included in the April 1, 1948 reprint of Regulation T.

AMENDMENT NO. 9 TO REGULATION U

ISSUED BY THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Effective May 1, 1949, the third paragraph of section 1 of Regulation U is hereby amended to read as follows:

“While a bank maintains any such loan, whenever made, the bank shall not at any time permit withdrawals or substitutions of collateral that would cause the maximum loan value of the collateral at such time to be less than the amount of the loan. In case such maximum loan value has become less than the amount of the loan, a bank shall not permit withdrawals or substitutions that would increase the deficiency; but the amount of the loan may be increased if there is provided additional collateral having maximum loan value at least equal to the amount of the increase.”

NOTE.—Amendments Nos. 1 through 8 were included in the April 1, 1948 reprint of Regulation U.

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**FEDERAL RESERVE BANK
OF NEW YORK**

April 21, 1949

**AMENDMENT NO. 9 TO REGULATION U OF THE BOARD
OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM**

Effective May 1, 1949

*To Nonmember Banks, and Other Interested Persons,
in the Second Federal Reserve District:*

For your information we quote below from a press statement issued by the Board of Governors of the Federal Reserve System and released for publication on April 21, 1949:

The Board of Governors has made two technical amendments in Regulations T and U (margin requirements) in order to facilitate and simplify operations under the regulations. One further liberalizes rules on withdrawals and substitutions. The other simplifies the rules to be followed by brokers and dealers in connection with cash accounts.

Enclosed is a printed copy of Amendment No. 9 to Regulation U, effective May 1, 1949.

Additional copies of this letter and of the enclosed amendment will be furnished upon request.

ALLAN SPROUL,
President.

AMENDMENT NO. 9 TO REGULATION U

ISSUED BY THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Effective May 1, 1949, the third paragraph of section 1 of Regulation U is hereby amended to read as follows:

“While a bank maintains any such loan, whenever made, the bank shall not at any time permit withdrawals or substitutions of collateral that would cause the maximum loan value of the collateral at such time to be less than the amount of the loan. In case such maximum loan value has become less than the amount of the loan, a bank shall not permit withdrawals or substitutions that would increase the deficiency; but the amount of the loan may be increased if there is provided additional collateral having maximum loan value at least equal to the amount of the increase.”

NOTE.—Amendments Nos. 1 through 8 were included in the April 1, 1948 reprint of Regulation U.