

FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 4840]
January 6, 1960

Reporting Securities Credit Extended by Lenders
Other Than Banks or Brokers

To All Banks in the Second Federal Reserve District:

The Board of Governors of the Federal Reserve System has adopted a new reporting form, FR 728, designed to obtain information for the first time concerning credit extended by lenders, other than banks or brokers, for the purpose of purchasing or carrying securities registered on a national securities exchange.

The lenders required to file this report are more fully described in the notice published in the Federal Register of December 22, 1959, a copy of which is printed on the reverse side of this circular. The information required on Form FR 728 includes the names of the officers and directors of any such lender and a simplified balance sheet as of the end of the last completed fiscal year, with additional detail on credit extended, classified both by purpose and collateral, and on sources of funds. Lenders may obtain copies of the form from this Bank by directing their requests to the Bank Examinations Department.

While no action is required of your bank in connection with this form, you may wish to call this new reporting requirement to the attention of any persons extending stock-market credit who are customers of your bank.

Additional copies of this circular will be furnished upon request.

ALFRED HAYES,
President.

(OVER)

Title 12—BANKS AND BANKING

Chapter II—Federal Reserve System

[Reg. U]

PART 221—LOANS BY BANKS FOR THE PURPOSE OF PURCHASING OR CARRYING REGISTERED STOCK

Form To Be Used in Reporting Securities Credit Extended by Lender Other Than a Bank or Broker

1. Effective December 15, 1959, the following new center heading "Forms" and new § 221.51 were added to Part 221 to read as follows:

FORMS

§ 221.51 Form to be used in reporting securities credit extended by lender other than a bank or broker.

Pursuant to authority conferred on the Board of Governors of the Federal Reserve System by the Securities Exchange Act of 1934 (15 U.S.C. Chapter 2B; 48 Stat. 881) and in accordance with § 221.3(j), the Board has, effective December 15, 1959, adopted Form FR 728,¹ to be used by persons (other than banks, as defined in § 221.3(k), and creditors, as defined in § 220.2(b) (Reg. T)) who are engaged in the business of extending credit and who, in the ordinary course of business, extend credit for the purpose of purchasing or carrying securities registered on a national exchange. Persons whose activities as of December 15, 1959 bring them within the scope of the above definition must return the filled-in form to the Federal Reserve Bank in their district on or before March 15, 1960. Persons who were not extending credit on or before December 15, 1959 for the said purpose, but whose activities at any time or from time to time thereafter bring them within the scope of the above definition, must file filled-in forms within 90 days after the first extension of credit for such purpose. Requests for extensions of time for filing must be made in writing, setting forth

¹ Filed as part of the original document. Copies available upon request to the Board of Governors of the Federal Reserve System, Washington 25, D. C., or to any Federal Reserve Bank.

the reasons for the request, addressed to the Federal Reserve Bank in the District of the person requesting the extension.

2. (a) The amendment is issued pursuant to the Securities Exchange Act of 1934, particularly section 17(b) thereof. The purpose of this action is to implement § 221.3(j) as amended June 15, 1959 (24 F.R. 3867) by the adoption of a form in order to obtain information concerning credit extended by persons other than banks and creditors, as defined above, for the purpose of purchasing or carrying securities registered on a national securities exchange.

(b) The notice, public participation, and deferred effective date described in section 4 of the Administrative Procedure Act are not followed in connection with this amendment for the reasons and good cause found as stated in § 262.2 (e) of the Board's rules of procedure (Part 262), and especially because in connection with this amendment such procedures are unnecessary as they would serve no useful purpose. The reporting requirement contained herein has been approved by the Bureau of the Budget in accordance with the Federal Reports Act of 1932.

(Sec. 23, 48 Stat. 901; 15 U.S.C. 78w. Interprets or applies sec. 17(b), 48 Stat. 897; 15 U.S.C. 78q)

BOARD OF GOVERNORS OF THE
FEDERAL RESERVE SYSTEM,

[SEAL]

MERRITT SHERMAN,

Secretary.

[F.R. Doc. 59-10815; Filed, Dec. 21, 1959; 8:47 a.m.]