

**FEDERAL RESERVE BANK
OF NEW YORK**

[Circular No. 4860]
March 8, 1960]

AMENDMENT TO REGULATION U
Loans by Banks for the Purpose of Purchasing
or Carrying Registered Stocks

*To All Banks, and Others Concerned,
in the Second Federal Reserve District:*

Enclosed is a copy of an amendment to Regulation U that the Board of Governors of the Federal Reserve System has adopted, effective today. The following statement on the purpose of the amendment was made public yesterday by the Board of Governors:

The purpose of this amendment is to restore the language of paragraph (b) (1) of Section 221.3 as it stood before June 15, 1959, in order to avoid administrative problems arising under the provision that has been in effect since that date. However, the Board is concerned with evasive extensions of bank credit for the purpose of carrying registered stocks and expects banks to be alert in detecting and preventing attempts to circumvent the basic purposes of this regulation.

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

ALFRED HAYES,
President.

LOANS BY BANKS FOR THE PURPOSE OF PURCHASING OR CARRYING REGISTERED STOCKS

AMENDMENT TO REGULATION U

ISSUED BY THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Effective March 8, 1960, paragraph (b)(1) of section 221.3 of Regulation U is amended to read as follows:

(b)(1) No loan, however it may be secured, need be treated as a loan for the purpose of "carrying" a stock registered on a national securities exchange unless the loan is as described in section 221.3(b)(2) or the purpose of the loan is to enable the borrower to reduce or retire indebtedness which was originally incurred to purchase such a stock, or, if he be a broker or dealer, to carry such stocks for customers.

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