

FEDERAL RESERVE BANK
OF NEW YORK

September 11, 1964

Additional Sections of Proposed New Regulation
on Securities of Member State Banks

To State Member Banks in the Second Federal Reserve District:

The following statement was made public yesterday by the Board of Governors of the Federal Reserve System:

The Board of Governors of the Federal Reserve System today filed for publication in the *Federal Register*, and for comments by interested persons, the final sections of a proposed new Regulation with respect to "Securities of Member State Banks." The two additional sections are similar to proposed regulations that are being published for comment by the Federal Deposit Insurance Corporation.

Under the Securities Exchange Act of 1934, as recently amended, banks with 750 or more holders of one class of stock must register such stock with the appropriate Federal bank supervisory agency. In the case of State-chartered banks that are members of the Federal Reserve System, this and related provisions of the amended Securities Exchange Act are administered by the Board of Governors of the Federal Reserve System.

On August 21, the Board issued its proposed Regulation, with the exception of the two sections released today. The first of the additional sections deals with "Reports of Directors, Officers, and Principal Stockholders." It relates to section 16 of the Securities Exchange Act, which requires the directors, officers, and large stockholders of a corporation with registered securities to file reports of their holdings, purchases, and sales of the company's stock. Section 16 permits a corporation to recover profits realized by such "insiders" from short-term purchase/sale transactions in its stock.

The last section of the proposed Regulation relates to the "Form and Content of Financial Statements." It specifies requirements as to accounting procedures and forms to be observed by banks in connection with registration statements and supplementary reports to be filed with the Federal Reserve Board for public inspection.

Like those previously released, these sections are designed to stimulate study by bankers and others and to elicit suggestions for revision that would result in regulations effectuating the purposes of the Securities Exchange Act without imposing unnecessary burdens and expense upon the banking industry.

Comments on the proposed additional sections of the Regulation may be submitted to the Board not later than October 21, and comments on the sections of the proposed Regulation issued August 21 also will be received until October 21. Copies will be available for inspection at the offices of the Federal Reserve Banks throughout the country.

Copies of the complete proposed regulation are available for inspection at the Bank Examinations Department of our Head Office and at our Buffalo Branch.

ALFRED HAYES,
President.