

AT 5744

FEDERAL RESERVE BANK OF NEW YORK

NEW YORK 45, N.Y.

RECTOR 2-5700

December 14, 1965

To Each State Member Bank in the  
Second Federal Reserve District:

Effective November 17, 1965, the Comptroller of the Currency amended his regulation on loans made by national banks secured by obligations of the United States. The regulation previously permitted such loans to be made by national banks without limitation only when secured by direct obligations of the United States. Loans secured by obligations fully guaranteed both as to principal and interest by the United States were limited to 25 per cent of a bank's capital and surplus. The amendment removes the latter lending limit requirement, and permits loans secured by obligations fully guaranteed both as to principal and interest by the United States also to be made without limitation.

Section 11(m) of the Federal Reserve Act makes the Comptroller's regulation applicable to State member banks. We are therefore bringing to your attention the text of the amendment, printed on the reverse side of this letter. The amendment was published in the Federal Register of November 17, 1965.

ALFRED HAYES  
President

(Over)

TITLE 12 - BANKS AND BANKING

CHAPTER I - BUREAU OF THE COMPTROLLER OF THE CURRENCY,  
DEPARTMENT OF THE TREASURY

PART 6 - LOANS MADE BY NATIONAL BANKS SECURED BY OBLIGATIONS  
OF THE UNITED STATES

[As amended effective November 17, 1965]

§ 6.1 Scope and application.

(a) This part is issued by the Comptroller of the Currency with the approval of the Secretary of the Treasury under authority of paragraph (8) of section 5200 of the Revised Statutes, as amended (12 U.S.C. 84), and section 321(b) of the act of August 23, 1935 (49 Stat. 713);

(b) This part applies to loans made by National Banks secured by either direct obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States.

§ 6.2 General authorization.

The obligations to any national banking association of any person, copartnership, association, or corporation, secured by not less than a like amount (at par or face value) of either direct obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, shall not be subject to any limitation based upon the capital and surplus of the association.