

FEDERAL RESERVE BANK  
OF NEW YORK

[ Circular No. 5990 ]  
[ June 13, 1967 ]

LOANS TO EXECUTIVE OFFICERS OF MEMBER BANKS  
Amendment to Regulation O

*To the Member Banks of the  
Second Federal Reserve District :*

Enclosed is a copy of an amendment, effective July 1, 1967, to Regulation O, entitled "Loans to Executive Officers of Member Banks," of the Board of Governors of the Federal Reserve System. The amendment excludes from the coverage of the regulation certain indebtedness of an executive officer of a member bank that arises out of the use of charge or time credit accounts or bank credit-card or check-credit plans.

Additional copies of the amendment will be furnished upon request.

ALFRED HAYES,  
*President.*



# LOANS TO EXECUTIVE OFFICERS OF MEMBER BANKS

## AMENDMENT TO REGULATION O

ISSUED BY THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Effective July 1, 1967, section 215.1 (c) is amended to read as follows:

### SECTION 215.1—DEFINITIONS

For the purpose of this part:

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(c) **“Loan”, “loaning”, “extension of credit”, and “extend credit”.**—The terms “loan”, “loaning”, “extension of credit”, and “extend credit” mean the making of a loan or the extending of credit in any manner whatsoever, and include:

(1) any advance by means of an overdraft, cash item, or otherwise;

(2) the acquisition by discount, purchase, exchange, or otherwise of any note, draft, bill of exchange, or other evidence of indebtedness upon which an executive officer may be liable as maker, drawer, indorser, guarantor, or surety;

(3) the increase of an existing indebtedness, except on account of accrued interest or on account of taxes, insurance, or other expenses incidental to the existing indebtedness and advanced by the bank for its own protection;

(4) any advance of unearned salary or other unearned compensation for periods in excess of 30 days; and

(5) any other transaction as a result of which an executive officer becomes obligated to a bank, directly or indirectly by any means whatsoever, by reason of an indorsement on an obligation or otherwise, to pay money or its equivalent.

Such terms, however, do not include:

(i) advances against accrued salary or other accrued compensation, or for the purpose of providing for the payment of authorized travel or other expenses incurred or to be incurred on behalf of the bank;

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(ii) the acquisition by a bank of any check deposited in or delivered to the bank in the usual course of business unless it results in the granting of an overdraft to or the carrying of a cash item for an executive officer;

(iii) the acquisition of any note, draft, bill of exchange, or other evidence of indebtedness, through a merger or consolidation of banks or a similar transaction by which a bank acquires assets and assumes liabilities of another bank or similar organization, or through foreclosure on collateral or similar proceeding for the protection of the bank; or

(iv) indebtedness arising by reason of general arrangements under which a bank (A) acquires charge or time credit accounts or (B) makes payments to or on behalf of participants in a bank credit card plan, check credit plan, or similar plan, except that this subdivision (iv) shall not apply to indebtedness of an executive officer to his own bank to the extent that the aggregate amount thereof exceeds \$1,000 or to any such indebtedness to his own bank that involves prior individual clearance or approval by the bank other than for the purpose of determining whether his participation in the arrangement is authorized or whether any dollar limit has been or would be exceeded.