

At 6296

FEDERAL RESERVE BANK OF NEW YORK

NEW YORK, N. Y. 10045

AREA CODE 212 732-5700

February 20, 1969

Oral Presentation on the Board's Proposal to Bring Equity Funding Plans Under Margin Regulation

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

The following statement was issued February 17 by the Board of
Governors of the Federal Reserve System:

The Board of Governors of the Federal Reserve System announced today that it has scheduled an oral presentation for February 26, 1969, on its proposal to bring equity funding plans or programs under margin regulation.

Persons desiring to appear before the Board to present views or comments should submit to the Board by February 24 a written request containing a statement of their interest in the matter. The presentation, which is open to the public, will be held at the Board's offices in Washington, D.C., beginning at 2:15 p.m. Eastern Standard time, on February 26.

The Board's margin Regulations G, T, and U limit the amount of credit that may be extended by banks, brokers, and certain other lenders to purchase or carry stocks. Under the current proposal, credit extended in connection with equity funding--plans or programs for the combined acquisition both of any securities (typically mutual fund shares) and of goods, services, other securities or investments (typically life insurance)--would become subject to margin regulation. Presently, a person wishing to purchase \$100 worth of stock would be required to make downpayment of \$80, or deposit securities with an equivalent loan value.

ALFRED HAYES
President