

FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 6344]
June 3, 1969

MARGIN REGULATIONS
"Equity Funding" Plans

*To All Banks, Members of National Securities Exchanges,
and Others Interested, in the Second Federal Reserve District:*

Following is the text of a statement issued yesterday by the Board of Governors of the Federal Reserve System:

The Board of Governors of the Federal Reserve System today announced amendments to its margin Regulations G, T, and U which would limit the credit available in connection with the purchase of equity funding plans or programs. The Board set the margin requirement for such plans or programs sold after August 31, 1969, at 60 per cent. The margin requirement for exchange-listed stocks is presently 80 per cent.

Proposed changes in the regulations were first published for comment on December 10, 1968. An oral presentation was held before the Board on February 26, 1969, at which interested parties were invited to present their views.

Equity funding plans offer a customer a package of mutual fund shares and life insurance, the shares being pledged as collateral for a loan to pay the insurance premium. After August 31, a lender will be able to finance \$40 in insurance premiums for every \$100 in mutual funds bought by a customer.

The Board's margin Regulations G, T, and U will be reprinted in their entirety in the near future. The reprinted regulations, which will reflect the amendments referred to in the above statement, will be sent to you as soon as they become available.

ALFRED HAYES,
President.