

FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 6983]
[August 2, 1972]

AMENDMENTS TO REGULATION T

—Credit for the Combined Acquisition of Mutual Fund Shares and Insurance
—Same-Day Substitutions

*To All Brokers and Dealers, and Members of National
Securities Exchanges, in the Second Federal Reserve District:*

Enclosed is a copy of amendments to Regulation T, "Credit by Brokers and Dealers," of the Board of Governors of the Federal Reserve System, relating to the following matters:

1. *Credit for the combined acquisition of mutual fund shares and insurance.*—This amendment, effective September 5, 1972, is in the same form as that submitted for public comment on June 2. The text of the proposed amendment was contained in our Circular No. 6954, which was sent to you on June 16.

2. *Same-day substitutions.*—This is a corrected amendment, effective September 18, 1972. We have been informed by the Board of Governors that the previously published amendment to section 220.3(g), sent to you with our Circular No. 6973, dated July 18, 1972, should be corrected by inserting the words "the computation for" in the first sentence of paragraph (2) of that section after the words "section 8(g)," and by deleting the rest of that sentence after the words "transactions on a given day," and the first two words of the following sentence.

Additional copies of the enclosures will be furnished upon request.

ALFRED HAYES,
President.

Board of Governors of the Federal Reserve System

CREDIT BY BROKERS AND DEALERS

AMENDMENTS TO REGULATION T

1. Effective September 5, 1972, section 220.4(k) is amended to read as follows:

SECTION 220.4—SPECIAL ACCOUNTS

* * *

(k) **Special insurance premium funding account.** In a special insurance premium funding account a creditor may arrange for the extension or maintenance of credit, not in excess of the premiums on the insurance policy (plus any applicable interest), on a security issued by an investment company registered pursuant to section 8 of the Investment Company Act of 1940 (15 U.S.C. 80a-8) that serves as collateral under a plan, program, or investment contract registered with the Securities and Exchange Commission under the Securities Act of 1933 (15 U.S.C. 77), that provides for the acquisition both of a security issued by such investment company and of insurance: *Provided*, That such credit is extended or maintained by a lender subject to Part 207 of this Chapter (Regulation G) or a bank subject to Part 221 of this Chapter (Regulation U). A creditor arranging credit in a special insurance premium funding account shall not extend, arrange, or maintain credit in the general account or any

other special account in § 220.3 and this section, except for transactions involving the purchase of shares, in the special cash account described in paragraph (c) of this section, in investment companies which are so registered.

2. Effective September 18, 1972, section 220.3(g)(2) is corrected to read as follows:

SECTION 220.3—GENERAL ACCOUNT

* * *

(g) **Transactions on given day.**

* * *

(2) In the case of an account subject to section 8(g), the computation for the required deposit, under paragraph (b)(1)(ii) of this section in connection with transactions on a given day, may be made at the close of trading on such day and shall be made exclusive of any deposit of cash, deposit of securities, covering transactions or other liquidation that has been effected on such day, pursuant to the requirements of paragraph (b) or (e) of this section, in connection with a transaction on a previous day.