

FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 7010]
October 3, 1972]

CORRECTED AMENDMENT TO REGULATION U

Effective October 16, 1972

To All Banks in the Second Federal Reserve District:

With our Circular No. 7000, dated September 14, 1972, you received a copy of amendments, effective October 16, 1972, to Regulation U, "Credit by Banks for the Purpose of Purchasing or Carrying Margin Stocks," of the Board of Governors of the Federal Reserve System.

The Board of Governors has advised us that, in the proviso in the amended section 221.3(a), the reference to paragraph (x) should be deleted.

Enclosed is a copy of the corrected amendment; additional copies will be furnished upon request.

ALFRED HAYES,
President.

Board of Governors of the Federal Reserve System

CREDIT BY BANKS FOR THE PURPOSE OF PURCHASING
OR CARRYING MARGIN STOCKS

CORRECTED AMENDMENT TO REGULATION U

Effective October 16, 1972, section 221.3(a) is corrected to read as follows:

SECTION 221.3—MISCELLANEOUS
PROVISIONS

(a) **Required statement as to stock-secured credit.** In connection with an extension of credit secured directly or indirectly by any stock, the bank shall obtain and retain in its records for at least 3 years after such credit is extinguished a statement in conformity with the requirements of Federal Reserve Form U-1 executed by the recipient of such extension of credit (sometimes referred to as the "customer") and executed and accepted in good faith by a duly authorized officer of the bank prior to such extension: *Provided*, That this requirement shall not apply

to any credit described in paragraphs (o), (w), (y), or (z) of this section or § 221.2 of this part except for credit described in paragraphs 221.2(f), (g), and (h) extended to persons who are not brokers or dealers subject to Part 220 of this Chapter (Regulation T). In determining whether or not an extension of credit is for the purpose specified in § 221.1 or for any of the purposes specified in § 221.2 or this section the bank may rely on the statement executed by the customer if accepted in good faith. To accept the customer's statement in good faith, the officer must (1) be alert to the circumstances surrounding the credit and (2) if he has any information which would cause a prudent man not to accept the statement without inquiry, have investigated and be satisfied that the customer's statement is truthful.

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