

FEDERAL RESERVE BANK  
OF NEW YORK

[Circular No. 7079]  
January 11, 1973

AMENDMENT TO MARGIN REGULATION T

Clarification of 90-Day Restriction in Special Cash Accounts

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

Enclosed is a copy of an amendment, effective January 2, 1973, to Regulation T, "Credit by Brokers and Dealers," of the Board of Governors of the Federal Reserve System. The purpose of the amendment is to make it clear that the 90-day restriction in special cash accounts begins with the trade date of the sale of a security with respect to which the customer has not previously paid for the cost of the purchase within the allotted seven business days, rather than with the trade date of such purchase. The amendment has been adopted unchanged from the form in which it was submitted for public comment; the text of the proposed amendment is contained in our Circular No. 7050, which was sent to you on December 5, 1972.

Additional copies of the enclosure will be furnished upon request.

ALFRED HAYES,  
*President.*

Board of Governors of the Federal Reserve System

CREDIT BY BROKERS AND DEALERS

AMENDMENT TO REGULATION T

Effective January 2, 1973, paragraph (8) of section 220.4(c) is amended to read as follows:

SECTION 220.4 — SPECIAL ACCOUNTS

\* \* \*

(c) **Special cash account.**

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(8) Unless funds sufficient for the purpose are already in the account, no security other than an exempted security shall be purchased for, or sold to, any customer in a special cash account with the creditor if any security other than an exempted security has been purchased by such customer in such an account, and then, for any reason whatever, without having been previously paid for in full by the customer, the security has been sold in the account or delivered out to any broker or dealer during the preceding 90 days: *Provided*, That an appropriate committee of a national securities exchange or a national securities association, on application of the creditor, may authorize the creditor to disregard for the purposes of this subparagraph any given instance of the type therein described if the committee is satisfied that both creditor

and customer are acting in good faith and that circumstances warrant such authorization. For the purposes of this subparagraph, the cancellation of a transaction, otherwise than to correct an error, shall be deemed to constitute a sale. The creditor may disregard for the purposes of this subparagraph a sale without prior payment provided full cash payment is received within the period described by subparagraph (2) of this paragraph and the customer has not withdrawn the proceeds of sale on or before the day on which such payment (and also final payment of any check received in that connection) is received. The creditor may so disregard a delivery of a security to another broker or dealer provided such delivery was for deposit into a special cash account which the latter broker or dealer maintains for the same customer and in which account there are already sufficient funds to pay for the security so purchased; and for the purpose of determining in that connection the status of a customer's account at another broker or dealer, a creditor may rely upon a written statement which he accepts in good faith from such other broker or dealer.