

FEDERAL RESERVE BANK  
OF NEW YORK

[ Circular No. 7539 ]  
December 30, 1974 ]

CREDIT IN CONNECTION WITH INVESTMENT CONTRACTS  
Notice Postponing Effective Date of Amendment to Regulation T

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

On December 18, 1974, the Board of Governors of the Federal Reserve System postponed, until March 3, 1975, the effective date of an amendment to Regulation T, "Credit by Brokers and Dealers," that would withdraw permission for brokers or dealers to sell certain kinds of investment contract securities on credit.

The action was taken by the Board to provide time for the Securities and Exchange Commission to consider a proposal to amend its regulations governing the same type of securities.

The amendment to Regulation T, as announced in our Circular No. 7406, dated June 11, 1974, was scheduled to take effect January 2, 1975. It relates primarily to the arrangement by brokers or dealers of credit sales of investment contract securities, such as a program to own and rent a condominium unit or to own and feed cattle.

In submitting the amendment for publication in the *Federal Register*, the Board of Governors issued the following statement:

On page 34988 of the *Federal Register* of December 21, 1973, the Board of Governors announced the addition, pursuant to the authority of Section 7 of the Securities and Exchange Act of 1934 (15 U.S.C. § 78g), of a new paragraph (1) to § 220.6 of Regulation T. The effective date of the amendment was originally scheduled to be June 21, 1974 but was postponed until January 2, 1975 (39 F.R. 20906, June 17, 1974). The reason for the postponement was an announcement by the Securities and Exchange Commission of proposed amendments to its regulations that would exempt from Section 7 of the Securities and Exchange Act of 1934 some of the investment contracts which would be affected by the addition of paragraph (1) to § 220.6 of Regulation T. In order to provide the Commission with additional time for review of comments received on its proposal, the Board of Governors hereby announces that the effective date of paragraph (1) of § 220.6 is postponed until March 3, 1975.

\* \* \*

Enclosed is a copy of the revised amendment; additional copies 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 March 3, 1975, section 220.6 is amended by adding a new paragraph (1) thereto, to read as follows:

SECTION 220.6—CERTAIN  
TECHNICAL DETAILS

\* \* \*

(1) **Credit related to portion of a security.** Credit for the purpose of purchasing or carrying any part of an investment contract security (for example, but not limited to, the cattle ownership portion of a program to own and feed cattle, or the condominium ownership part of a program to own and rent a unit through a rental pool or otherwise) shall be deemed to be credit on the entire security.

PRINTED IN NEW YORK