

**FEDERAL RESERVE BANK
OF NEW YORK**

Circular No. 9626
January 25, 1984

**PROPOSED AMENDMENT TO REGULATION T
Acceptance of Margin Securities by an Options Clearing Agency**

*To All Banks, Brokers and Dealers, and Persons Extending
Securities Credit in the Second Federal Reserve District:*

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

The Federal Reserve Board has published, for public comment, a proposal to amend Regulation T, Credit by Brokers and Dealers.

The Board requested comment by February 15, 1984.

The proposed rule would permit an options clearing agency regulated by the Securities and Exchange Commission (SEC) to accept any margin securities to meet its deposit requirements provided the clearing agency rules regarding the deposit have been approved by the SEC. An options clearing corporation issues options contracts and guarantees their performance.

The Board's current rule permits the use of a more limited class of securities. The Board's action is intended to coincide with related action by the SEC on rules that have been filed with the Commission by the Options Clearing Corporation. The proposed action will generally permit brokers and dealers to use the same securities for the clearing deposit as they now use at banks in connection with loans secured by customer securities.

Printed on the reverse side is the text of the Board's proposal, which has been reprinted from the *Federal Register* of January 17, 1984. Comments thereon should be submitted by February 15, 1984, and may be sent to our Regulations Division (Tel. No. 212-791-5914).

ANTHONY M. SOLOMON,
President.

(Over)

FEDERAL RESERVE SYSTEM

12 CFR Part 220

[Docket No. R-0500]

Credit By Brokers and Dealers; Regulation T

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Proposed rule.

SUMMARY: The Board is proposing to amend Regulation T (12 CFR Part 220, Credit By Brokers and Dealers) to permit an options clearing agency to accept margin securities to meet its deposit requirements. This action is being taken in order to facilitate the SEC's approval of a proposed Options Clearing Corporation program whereby the class of securities eligible for the options clearing agency's deposit requirements will be expanded.

DATE: Comments should be received on or before February 15, 1984.

ADDRESS: Comments, which should refer to Docket No. R-0500, may be mailed to Mr. William W. Wiles, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, NW., Washington, D.C. 20551 or delivered to the C Street Entrance between 8:45 a.m. and 5:15 p.m.

FOR FURTHER INFORMATION CONTACT: Laura Homer, Securities Credit Officer, or Robert Lord, Attorney, Division of

Banking Supervision and Regulation (202) 452-2781.

SUPPLEMENTARY INFORMATION: The Options Clearing Corporation ("OCC") has a program ("valued securities program") in which it accepts certain margin securities from its clearing members in satisfaction of their OCC deposit requirements. OCC's activities are subject to Regulation T, which currently permits the deposit only of any underlying securities for classes of option contracts outstanding at the time of the deposit. OCC recently filed a proposed rule change (File No. SR-OCC-83-17) with the SEC to expand its valued securities program by eliminating the requirement that only stocks underlying listed options can be deposited with OCC, and permitting the deposit of any common stocks which (i) are traded on a national securities exchange, or are NASDAQ securities that are designated as National Market System securities pursuant to SEC Rule 11Aa 2-1 (17 CFR 240.11Aa-2), (ii) have last sale reports disseminated on the consolidated tape and (iii) have a market value greater than \$10 per share; provided that stocks which are suspended from trading or which are subject to special requirements under exchange margin rules may not be deposited with OCC. The Board believes the rule change proposed by OCC is appropriate and, therefore, is proposing an amendment to Regulation T that, in conjunction with the SEC rule approval, will permit the expanded deposit

program to take place without unnecessary delay. The amendment to Regulation T would permit the deposit of any margin security which also meets SEC-approved criteria for clearing deposits.

Initial Regulatory Flexibility Analysis

The change proposed pursuant to this action reduce specific administrative and regulatory burdens. The Board certifies for purposes of 5 U.S.C. 605(b), therefore, that the proposed amendment to Regulation T is not expected to have any adverse impact on a substantial number of small businesses.

List of Subjects in 12 CFR Part 220

Banks, Banking, Borrowers, Brokers, Credit, Federal Reserve System, Margin, Margin requirements.

PART 220—[AMENDED]

Accordingly, pursuant to sections 7, 8, and 23 of the Securities Exchange Act of 1934, as amended (15 U.S.C. 78g, 78h, and 78w) the Board proposes to amend Regulation T (12 CFR Part 220) as follows:

In § 220.14(b), paragraphs (3) and (4) would be deleted in their entirety, and replaced with a single new paragraph (b)(3), which would read as follows:

§ 220.14 Clearance of securities.

(b) * * *

(3) the deposit consists of any margin security and complies with the rules of the clearing agency which have been approved by the SEC.

By order of the Board of Governors of the Federal Reserve System, January 11, 1984.

William W. Wiles,
Secretary of the Board.

[FR Doc. 84-1133 Filed 1-16-84; 8:45 am]